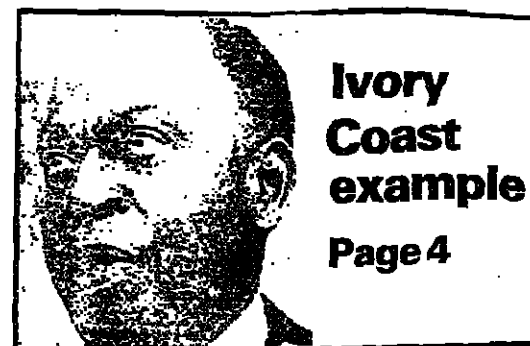


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THE JERUSALEM POST

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IDF to be cut, but quality improved

By HIRSH GOODMAN
 Defence Minister Rabin has authorized a restructuring of the Israel Defence Forces that will ultimately cut the IDF's size but improve its overall quality, Deputy Chief of General Staff Aluf Dan Shomron said in Tel Aviv yesterday.

Speaking on the eve of handing over his post to Aluf Amir Oron, Shomron said that since Syria presents the only real and immediate threat to Israel, this restructuring of the IDF could take place at present without jeopardizing national security — "provided that the process is carried out slowly and carefully."

Since Israel can not match the Arab confrontation states quantitatively, it must exploit its qualitative edge to the fullest, he said. Ultimately this will mean a smaller but much more effective and efficient army at all levels: land, air and sea.

Shomron, a leading contender to replace Rav-Aluf Moshe Levy as Chief of General Staff next April, is to take a short leave and then continue as an active member of the General Staff. He is responsible for planning what course Israel will have to pursue to prepare for the future military challenges.

Shomron said that in its effort to comply with the severe budget cuts in defence in recent years, the IDF last year did not provide enough training for its forces. To correct this, he said, more reserve days would be devoted to training next year. This does not necessarily mean, he said, that reservists will be called up to do more duty, but that more training will be done in lieu of other tasks.

In the cuts implemented since 1983/4, research and development projects have not been seriously affected.

He added that new technologies alone would not solve Israel's military problems, unless they are combined with new doctrine as well. Another essential, he said, is high quality manpower. Despite the fact that conditions of service have been severely affected by the budget cuts, he was confident that "in this area we will not have a serious problem."



Foreign Minister Yitzhak Shamir addressing the UN General Assembly yesterday. (Reuters telephoto)

Soviets stay put as Shamir speaks

By WALTER RUBY
 Jerusalem Post Correspondent
 UNITED NATIONS. — The annual walkout of Third World and Communist countries that takes place when an Israeli leader addresses the General Assembly appeared less widespread than usual yesterday, as Foreign Minister Shamir called for support of direct talks between Jordan and Israel.

All East Europeans, including the Soviet Union, left at least one delegation member to listen to Shamir's 45-minute speech. This was a departure from past form for the Soviets who have invariably walked out en masse. The Romanian delegation stayed to listen. Among Arab nations, Egypt stayed in the hall, and Jordan left one low-level representative, as it did last year. All the African states that have re-established relations with Israel remained, and Ethiopia kept its entire delegation to listen to the speech.

In calling on Jordan to enter into direct negotiations, Shamir said, "The first sign of a genuine willingness to move toward peace is a declared readiness to deal directly with one's former adversaries. There

is no other way to a genuine reconciliation.

Stating that "Arab terrorism has made a blood pact with terrorists from all over the world to fight a common enemy... of which Israel and Jews are merely a part," Shamir said: "Terrorists must never be appeased. They must never be understood. They must be condemned and fought vigorously."

Shamir called for nations around the world to fight terrorism by closing PLO offices and to evolve a common response to "terrorist regimes" including "coordinating a military response if they persist in attacking us."

In a speech that was basically a restatement of known Israeli positions, Shamir repeated Israel's opposition to an international conference on the Middle East: repeated Israeli opposition to abandoning its security zone in South Lebanon; expressed opposition to Soviet participation in the Middle East peace process until they recognize Israel and allow free Jewish emigration; praised the strengthening of Israel-Egyptian ties; demanded stern action against terrorism; denounced apartheid but pleaded for a

(Continued on Page 2, Col. 4)

Peres to meet Shamir on rotation

By SARAH HONIG and ROY ISACOWITZ
 Post Political Staff
 TEL AVIV. — Prime Minister Peres and Vice Premier Shamir are to meet Friday to discuss the rotation and to try to iron out sharp differences following the failure of their representatives. Energy Minister Moshe Shahal (Labour) and Finance Minister Moshe Nissim (Likud) are to come to an agreement over Labour's demands to revise the coalition agreement.

Nissim yesterday rejected all Shahal's demands for revisions. The Likud position, he stated, was that Labour knew precisely what sort of an agreement it had entered into in 1984 and that it could not now seek to change it because of possible advantages it entailed for the Likud.

Nissim stressed that the Likud would under no circumstances compromise on what he called an issue of "plain fairness." The feeling in the Likud was that Labour would not foment a crisis in which it could be seen as unfair in seeking to change the agreement, after having drawn all the benefits before the other side took over the premiership.

Nissim is to report on the meeting to Shamir today, after Shamir returns from the UN General Assembly in New York. Shahal is to report to Peres, and the two negotiators are to meet again tomorrow in an attempt to reach an understanding before Peres and Shamir meet on Friday.

The meeting, and Peres's announcement yesterday that he intends to resign on Friday, October 10, indicate that the countdown to rotation has begun in earnest.

Answering questions from school pupils in Hadera yesterday, Peres said that he would resign on October 10 to ensure a smooth transfer of power by the date specified in the coalition agreement.

According to the rotation agreement, Shamir must assume the premiership by October 14, the day after Yom Kippur. Much of the next 10 days will be devoted to negotiations between the two parties over the transfer of power.

President Herzog is expected to (Continued on Page 2, Col. 2)

After Daniloff-Zakharov-Orlov deal Gorbachev to meet Reagan in Iceland

WASHINGTON (Reuters). — The U.S. and the Soviet Union, ending a dispute over spying charges that threatened to paralyze their relations, yesterday issued simultaneous surprise announcements that President Reagan and Soviet leader Mikhail Gorbachev will meet in Iceland on October 11-12.

The completely unexpected development in superpower relations occurred as details were disclosed of arrangements to release Soviet physicist Gennadiy Zakharov from the U.S., where he faced spy charges, and for the Soviet Union to free imprisoned human rights leader Yuri Orlov. (Orlov profile, p. 3)

Moscow on Monday freed American reporter Nicholas Daniloff, whose detention on espionage accusations had been portrayed by the U.S. as the major barrier to another Reagan-Gorbachev meeting.

Both superpowers insisted that the meeting in the Icelandic capital, Reykjavik, would not be the long-awaited second summit scheduled by Reagan and Gorbachev when they first met in Geneva last November.

Reagan, making an unannounced appearance before White House reporters who had been summoned to discuss the Daniloff release, said: "I am pleased to announce that General Secretary Gorbachev and I will meet October 11 and 12 in Reykjavik."

The smiling president said the meeting would take place as part of "preparations for the general secretary's visit to the United States."

Moscow radio used virtually identical wording, adding that the meeting had been Gorbachev's idea. The Soviets did not mention the impending release of Orlov.

Neither side announced a date for the summit in the U.S., but Secretary of State Shultz told White House reporters he believed the next "genuine" summit would be held in the U.S. by the end of the year, and the third summit in the Soviet Union in 1987, as planned in Geneva.

"There is no suggestion that this meeting in Iceland is a substitute for



Accused Soviet spy Gennadiy Zakharov leaves the District Court in Brooklyn yesterday after he pleaded no contest to charges of espionage before being given 24 hours to leave the U.S. (Reuters)



An undated file picture of human rights leader Yuri Orlov shows him before he went grey during years of imprisonment and exile in Siberia. (Reuters)

Mideast on the agenda

By WOLF BLITZER
 Jerusalem Post Correspondent
 WASHINGTON. — U.S. officials said they expected the subject of the Middle East to come up in Iceland, although they noted that it was not very high on either country's agenda. The U.S., like Israel, has insisted that the Soviet Union must first re-establish diplomatic relations with Israel and also ease the plight of Soviet Jewry before allowing it to win a greater role in Arab-Israeli diplomacy. The Americans are not confident that the Kremlin will accept either condition.

The Soviets have been concerned about the summit in the U.S., which would be likely to generate huge anti-Soviet demonstrations and protests. A meeting in Reykjavik would automatically reduce the possibility for such public actions.

Secretary of State George Shultz said the U.S. was continuing to press the Soviet Union to release other dissidents, besides Yuri Orlov, and to press for emigration of Jews. "We have a continuing dialogue with the Soviet Union about a large number of dissidents, about divided families, about emigration generally, so there is an ongoing urging of them to take action in those areas," he said. "So we'll continue that now."

and work out some clear instructions designed to achieve progress in some questions relating to nuclear arms — progress sufficient for attaining substantial results.

Gorbachev has maintained he was not interested in another summit unless it held the promise of a new superpower arms control agreement.

Asked if arms control was on the keyjvick agenda, Reagan said: "I have no way of knowing. There is no way of knowing."

(Continued on Page 9)

Two terrorists killed in Zone

Post Defence Correspondent
 Two terrorists were killed in a clash with Israeli troops in south Lebanon yesterday morning. A third is believed to have been wounded in the clash, but managed to escape. There were no Israeli casualties.

The clash came at 7 a.m. near Ya'ata, 8 kilometres from the Israeli border and on the northwestern edge of the security zone. The Israeli patrol was fired on by the terrorists.

By last night the terrorists' affiliation was still not clear. Weapons, ammunition and papers were found on the bodies.



U.S. Ambassador to Liberia Edward Perkins is nominated yesterday by President Reagan as the first black American ambassador to South Africa. (Reuters)

Nurses back as talks make little progress

By JUDY SIEGEL
 Jerusalem Post Reporter
 Hospital nurses and their employers yesterday resembled wrestlers of equal strength, unable to pin each other to the mat, as yet another round of negotiations ended inconclusively.

Although the nurses had infuriated government negotiators by suddenly abandoning the hospital from late Monday night until 7 a.m. yesterday, the talks were "businesslike" and free of recriminations. After several hours, government negotiators claimed a "tiny bit" of progress. But the nurses kept silent, cloistering themselves in a hall in the Histadrut headquarters in Tel Aviv, and deciding how to react. They finally denied any progress had been made. It was agreed to resume talks today.

The nurses again promised that they would not apply sanctions during the negotiations. Histadrut Secretary-General Yisrael Kessar is to meet this morning with Finance Minister Moshe Nissim to discuss the talks.

Such progress as there was yesterday was a Treasury move to give the proposed NIS 100 monthly increment offered to full-time nurses to those who only work a 75 per cent job. The nurses are demanding an increment for all nurses, as 40 per cent of them work only part-time

and most of those only half-time.

Monday night's walkout, in violation of the nurses' promise to abstain from sanctions while negotiating, lost them some of their support. The two hours' notice that they gave hospitals was too short for doctors to get to their posts and for patients' relatives and volunteers to be called. It is also more difficult to find helpers during the late night shift.

No lives were lost, but patients did suffer, says a Health Ministry source.

Although Histadrut Trade Union department chief Haim Haberfeld predicted last Thursday that the dispute would be resolved this week, and termed both sides' complaints about lack of progress mere "posturing," the nurses and the government and Histadrut employers all claim no real solution is in sight.

The nurses had hoped that Nissim, on his return from the U.S. early this week, would be able to offer substantially more than his representative in the talks, Hillel Dudai. But their hopes were quickly dashed and Treasury representatives, after consulting with Nissim, were even more parsimonious on Sunday and Monday.

Feeling powerless to prevent the nurses' walkouts — there have been four in less than two weeks — the Health Ministry yesterday told hos-

(Continued on Page 2, Col. 4)

Afghan rebels hit Soviet Embassy

ISLAMABAD (AFP). — A senior Soviet delegation member sustained a serious injury in a rocket attack on the Soviet Embassy in Kabul by Afghan rebels on Sunday. Western diplomats said here yesterday.

Vesvolod Murakhovsky and other members of his team were thrown to the ground by the force of the blast from the rocket which hit the Soviet Embassy's cafeteria at midday on Sunday, the diplomats said.

Murakhovsky arrived in Kabul last week to lead the Soviet delegation at the sixth session of the Soviet-Afghanistan joint economic commission.

Another Western diplomat said that a Lada car of the type used

generally by the Afghan secret police was parked in the restricted zone behind the embassy compound, and exploded when both Afghan Communist Party leader Said Mohammad Najibullah and Murakhovsky were inside the car.

The car-bomb killed two Soviet children and a Soviet guard, the diplomats said. Radio Kabul said the car bomb killed three Afghans and caused considerable damage.

According to the diplomats, houses in the neighbourhood were shaken by the blast and their windows broken. The police kept people away from another car in the middle of the airport road on Monday, saying that it also contained explosives, the diplomats said.

Judges named to try Demjanjuk

Supreme Court President Meir Shamgar yesterday appointed Supreme Court Judge Dov Levin and two District Court judges, Zvi Tal and Dalia Dorner, to try suspected Nazi war criminal John Demjanjuk. Levin, 61, was born in Tel Aviv and completed his law studies shortly after the War of Independence.

Tal, 59, a member of the Jerusalem District Court, was born in Poland and came to this country in 1935. Dorner, 52, also of the Jerusalem court, was born in Istanbul and grew up in Haifa.

Mass dismissals begin at Hebrew U.

By BERNARD JOSEPHS
 At least 100 temporary workers at the Hebrew University were laid off yesterday in what is expected to be the first of a series of large-scale dismissals forced by the institution's financial crisis.

A senior source said last night that before the crisis is over hundreds of other employees, ranging from cleaners to academic staff, and including some with tenure are likely to be sacked.

Senior faculty members yesterday voted to give up a month's salary to

help clear the Hebrew University's \$50 million-plus deficit.

The source said yesterday's dismissals came after the university management ordered all administrative departments to cut their temporary staff by 30 per cent.

The university had no choice but to wield the axe immediately, despite the approaching high holidays.

The order means that a third of the temporary administrative staff, whose contracts ran out yesterday, will not have them renewed.

Another 700 untenured academic staff, including MA and doctoral students serving as assistants and research staff, have also received letters saying that they may not be re-employed when the academic year starts next month.

The special emergency committee headed by acting president Prof. Amnon Pazy, set up by the university's governors to find a way out of the financial crisis, is considering ways of keeping the number of dis-

missals to a minimum. But the senior source said that hundreds more employees would have to go.

There was a tense atmosphere at the university's Givat Ram campus yesterday during staff and management meetings. One of those who had been laid off said, "The timing is very poor. We understand the university is in trouble but this is like saying 'Happy New Year, you're fired'."

Prof. David Levhari who represents the senior academic staff, said he and his colleagues had agreed to give up the equivalent of a month's salary in the coming year. But the university authorities had told him that everything depended on whether senior administrative staff would agree to follow suit. "If they don't, then we've been told our gesture won't be much help," said Levhari.

The administrative staff were yesterday still considering their action.

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| COPENHAGEN | 10 | 8 | 19 | 66 | 64 |
| FRANKFURT | 10 | 8 | 19 | 66 | 64 |
| GENEVA | 10 | 8 | 19 | 66 | 64 |
| HONG KONG | 10 | 8 | 19 | 66 | 64 |
| JERUSALEM | 10 | 8 | 19 | 66 | 64 |
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| SAO PAULO | 10 | 8 | 19 | 66 | 64 |
| STOCKHOLM | 10 | 8 | 19 | 66 | 64 |
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THE WEATHER

Forecast: Partly cloudy with a drop in temperature during the day becoming cloudy with a possibility of local rain.

| | Yesterday's | Yesterday's | Today's | Max |
|-------------|-------------|-------------|---------|-----|
| | Humidity | Min-Max | Min-Max | |
| Jerusalem | 48 | 18-25 | 18-25 | 26 |
| Golan | 48 | 18-25 | 18-25 | 26 |
| Nahariya | 63 | 24-30 | 24-30 | 31 |
| Safed | 47 | 17-23 | 17-23 | 24 |
| Haifa Port | 64 | 17-23 | 17-23 | 24 |
| Thberia | 41 | 17-23 | 17-23 | 24 |
| Nazareth | 61 | 17-23 | 17-23 | 24 |
| Afula | 53 | 17-23 | 17-23 | 24 |
| Shomron | 59 | 17-23 | 17-23 | 24 |
| Tel Aviv | 64 | 17-23 | 17-23 | 24 |
| B-G Airport | 64 | 17-23 | 17-23 | 24 |
| Jericho | 47 | 17-23 | 17-23 | 24 |
| Gaza | 61 | 17-23 | 17-23 | 24 |
| Beersheba | 40 | 18-30 | 18-30 | 31 |
| Eilat | 38 | 24-35 | 24-35 | 36 |

SOCIAL & PERSONAL

The Farmers Federation of Israel, at its conference last week, unanimously re-elected Mr. Eliahu Izkakson as its president for the coming four years.

Japanese official's visit seen as breakthrough

Post Diplomatic Correspondent
Officials in Jerusalem attach "great importance" to the three-day visit here which began yesterday, of Japanese Deputy Foreign Minister Shinichi Yanai, viewing it as a start to "normalization" between the two countries.

The continuing economic boycott of Israel by major Japanese firms, in compliance with Arab directives and pressures, is expected to be a major subject of discussion. A fortnight ago, U.S. Secretary of State George Shultz wrote to his Japanese counterpart on Israel's behalf, complaining of Japan's compliance with the boycott.

Yanai's visit, which began with a tour of Yad Vashem, follows Foreign Minister Shamir's visit to Tokyo in September 1985. A Japanese deputy foreign minister last visited Jerusalem in February 1983.

Yanai, who is accompanied by Zenji Kaminaga, director of the Japanese Foreign Ministry's First Middle East Division, will be meeting Deputy Foreign Minister Ronni Milo and acting foreign minister Moshe Arens (during Shamir's absence in New York). International terrorism is likely to be a major subject of discussion.

Yanai will also meet with economic officials in Jerusalem, where officials here hope that some movement towards a change of policy on the boycott may soon occur in Tokyo.

Cocaine from egg-plant plan leads to court

TEL AVIV (Itim). - A man who planned to synthesize cocaine from eggplants was yesterday given a year's suspended sentence by the District Court.

Leonid Kolshinsky, 34, of Jerusalem admitted conspiring with two accomplices to make cocaine. He told the court that the idea had been the brainchild of Yoel Rachmilowicz of Tel Aviv.

Since both aubergine and the coca plant belong to the Solenium family, the theory was that the drug could be refined in a laboratory from readily available eggplants. Kolshinsky said.

He claimed that he had approached a Hebrew University professor to test the theory, but said that since the scientist had demanded \$10,000, the theory had not been tried in practice.

Rachmilowicz, who is serving a 12-year jail sentence for car thefts, has denied any connection with the plan as has another suspect, Dan Orlov of Bat Yam. They will be tried separately.

Despite the prosecution's demand that Kolshinsky be jailed, the judge upheld the contention that since nothing had come of the plot jail was inappropriate. Kolshinsky was thus given a suspended sentence.

LOTTO. - The winning numbers in yesterday's lotto draw were 7, 11, 15, 17, 24, 30, the additional number was 20.

HOME AND FOREIGN NEWS

Gush says Hebron's new mayor is racist, against settlers

By ELAINE RUTH FLETCHER
For The Jerusalem Post

Gush Emunim has charged that Hebron's new mayor Abdel Majid a-Zir made racist comments about the Jewish presence in the town and demands that he be fired.

The Gush lodged its protests following an Israel Radio interview with a-Zir on Monday, in which the new mayor had said: "I oppose increasing the number of settlers in Hebron, and additional construction for the settlers."

A-Zir also said that the new Arab municipal council had not discussed continuing municipal services to the Jewish settlers in the town, but that "the city council is going to discuss it and decide."

In a complaint lodged yesterday with Attorney-General Yosef Harish, the Gush charged that the statements violated the law against racism.

On Monday, Gush Secretary Daniella Weiss also asked Defence Minister Rabin to fire a-Zir because of the remarks.

A Gush statement yesterday charged that a-Zir opposed the "continued presence of Jews in Hebron, and that he is not going to provide any services (to the settlers)."

Interviewed yesterday in Hebron, Rabbi Moshe Levinger said that prior to the naming of a-Zir as mayor on Sunday, the Gush had filed letters of protest against any Arab mayor being appointed to replace the Jewish administrator, Zamir Shemesh.

A-Zir yesterday told reporters at his office, "I have no problems for

now," over relations with the Jewish settlers. "If problems occur in the future, we will deal with them. Please don't interfere," he said.

A-Zir also said he was not intimidated by a threat from George Habash's Popular Front for the Liberation of Palestine against his life and the lives of the new mayors of Ramallah and el-Bireh.

"We believe life is limited by God not by Habash," a-Zir said.

In Beirut yesterday another radical Palestinian group, the Abu Nidal faction, issued a death threat against the three mayors.

"We issue an ultimatum to these mean and dirty faces in the municipalities of Hebron, Ramallah and el-Bireh," said a type-written statement delivered to an international news agency in Beirut.

"The fate of Za'afar al-Masri is awaiting them and very soon," it added. Masri, appointed mayor of Nablus, was assassinated last March shortly after taking office.

Khalil al-Wazir, military deputy to PLO Chairman Yasser Arafat also rejected the mayors' appointments, saying, "The Palestinian revolution rejects the Israeli measure which is considered as a consecration of the enemy's aims."

Abdel Haki Dhuhr took over as mayor of Rafah in the Gaza Strip earlier this week, with a new nine-member city council. Dhuhr, deputy director for education in the Gaza Strip, replaces another Arab appointee who has returned to private business, according to sources in the office of the coordinator for the administered territories.

Jordan to resume paying striking West Bank lawyers

AMMAN (AP). - The Jordanian government has decided to resume paying the salaries of striking lawyers in the West Bank in a show of solidarity with Palestinians, an official announcement said yesterday.

Some 280 lawyers and judges in the West Bank have refused to deal with the Israeli authorities and courts.

The Jordan-Palestinian joint aid fund paid the salaries of the striking lawyers from 1979 until April this year, when it suspended payment because of a deficit caused by the withdrawal of Arab financial aid.

Yesterday's announcement said Prime Minister Zeid Rifa'i's decision to pay the lawyers' salaries was

aimed at "supporting the steadfastness of the lawyers and [providing] an assurance of Jordan's commitment towards the people in the occupied West Bank."

The move is seen as part of King Hussein's efforts to bolster Jordanian authority in the West Bank and undercut the PLO in the territories.

The Amman government also announced that from today it would begin issuing passports to Palestinians and Bedouins from the Gaza Strip who currently live in Jordan.

Applicants have to present documents and sufficient evidence that they have been displaced because of the 1967 war, the announcement said.

Arab editor charges political pressure

Jerusalem Post Staff and agencies

The West Bank and Gaza civil administration is blocking the distribution of a new Palestinian evening newspaper in the territories to try to force it to take a pro-Jordanian line, the publisher has charged.

Mahmoud Abu Zulf, who also owns the biggest-selling East Jerusalem daily, *al-Kuds*, said the civil administration had withheld a distribution permit for more than three months now.

"They told me they want me to be more pro-Jordanian. I told them, 'this is none of your business,'" Abu Zulf said in an interview. "We are an independent newspaper."

A civil administration spokeswoman confirmed that authorities had delayed permission to distribute the paper, *al-Massa* "because we want to see what kind of newspaper it is."

But while she said that the formerly pro-Jordanian *al-Kuds* had "taken a more radical line lately," she denied that was the issue delaying the permit.

She also denied that Zulf had been offered a distribution permit on



Mahmoud Abu Zulf

condition that he revert to a more pro-Jordanian stance.

"We don't give distribution permits according to reversion of stances," she said. "Al-Fair has a distribution permit (for the territories), and it doesn't have a pro-Jordanian stance."

Zulf said his new evening paper was primarily a business, rather than political, venture.

"There is no editorial comment in it," he said. "Just news and colour. It's a new thing for the area, something similar to *Hadashot*."

ROTATION

(Continued from Page One)

confer with the leaders of all the parties represented in the Knesset on October 12 and 14 and the Knesset is expected to convene on the afternoon of October 14 to approve the Shamir government.

The Labour Party will complete formulation of its pre-rotation demands at a meeting of party ministers at the Prime Minister's Office tonight. Labour reportedly will demand complete coordination between Finance Minister Moshe Nissim and Economics Minister Gad Ya'acobi on all economic issues.

Nissim and Ya'acobi will have to agree on an economic issue before it is submitted to the cabinet. If the two fail to agree, the issue will be brought before Shamir and Peres.

The other issues due to be decided on tonight are likely to include Labour's opposition to the return to the cabinet of former finance and justice minister Yitzhak Moda'i, the

status of the National Religious Party in the government, and the allocation of the premiership after Shamir has completed his 25 months in power in the interim period before a new government takes over after the general election.

Labour is likely to demand that Peres return to the premiership during the run-up to elections or that a power-sharing arrangement be found for that period.

Several Labour ministers have expressed their dissatisfaction with Shamir's meeting with Nissim before Labour had completed formulating its demands. They are likely to ask Peres to include other ministers in addition to Shamir.

Meanwhile, sources close to Peres said the prime minister is scheduled to address a meeting of the council of Shinui tonight to persuade the party of Communications Minister Amnon Rubinstein to stay in the coalition after rotation.

BASKETBALL

Post Sports Staff

Israeli clubs had good wins last night in their Korac Cup basketball games. In Greece, Hapoel Tel Aviv defeated Apollon Patras 88-70, while in Netanya the local Elitzur rolled by the visiting Cypriot team Kervanos Nicosia, winning 107-52.

Reservist jailed

An army reservist who refused to serve in the West Bank has been sentenced to 19 days in a military jail, army sources confirmed.

Naftali Orner is said to have told a court martial he refused to serve in Ramallah because he was opposed to what he described as "the army's negative attitude towards local residents."



About 100 girls, most of them from Ethiopia, took part yesterday in a Bat Mitzva ceremony at the Western Wall arranged by the Aliya Department of the Jewish Agency (Yossi Zamir)

GSS and State Attorney resuming ties

By MENACHEM SHALEV
For The Jerusalem Post

Normal work relations between the State Attorney's Office and the Shin Bet (General Security Service) are expected to resume within the next few days.

Senior lawyers in the State Attorney's Office said last night that they would cooperate with the Shin Bet "as soon as replacement is found for the head of the GSS legal department" and two lawyers leave their posts.

The two lawyers were recently pardoned for their role in suborning witnesses in the investigations of the killing of two Arab bus hijackers in 1984.

In accordance with an agreement worked out on Monday between Attorney-General Yosef Harish and the Shin Bet's new head, the two lawyers have agreed to leave the Shin Bet legal department and transfer to other positions in the service.

The Jerusalem Post has learned that one of the two plans to leave the Shin Bet in a few months.

Justice Ministry attorneys, who have repeatedly voiced scepticism of Harish's resolve to remove the lawyers, said yesterday that they now believe the two will indeed leave.

Harish's assurances to the contrary, sources close to the lawyers concerned maintain that he has undertaken to halt any potential Israel Bar disciplinary proceedings against them.

The prospect of such proceedings certainly appears to have waned. MK Shulamit Aloni (Citizens' Rights Movement) is reportedly inclined to withdraw her official complaint against the Shin Bet lawyers. And the Bar itself, despite differences of opinion among its central committee members, is not now expected to initiate any disciplinary proceedings.

Burg said resigning Friday

By SARAH HONIG
Post Political Correspondent

TEL AVIV. Religious Affairs Minister Yosef Burg will hand in his letter of resignation to Prime Minister Peres on Friday, National Religious Party sources say.

Burg will have no choice, since the Knesset is to meet for a special session next Tuesday, and he undertook to quit his cabinet post three days before the next Knesset session.

Some NRP members claim that although the special session is ostensibly to hear a report on Peres's recent diplomatic moves, the real

reason is to afford the NRP an opportunity to force Burg to keep his word, and to have the House approve the appointment of MK Ze'evulun Hammer as his successor.

The Knesset is now in recess and it is not scheduled to reconvene for regular sessions before the end of the High Holiday season.

This, together with the NRP convention's recent election of Hammer to succeed Burg, has resulted in a series of resignation maneuvers by the minister: a first letter of resignation was found to be invalid, and he then refused to name the date on which he would submit another.

NURSES

(Continued from Page One)

pital directors to start "preventive evacuation" of all patients whose lives are not dependent on hospital care. They are also empowered to close departments that cannot be run adequately with available nurses.

"We can't leave patients feeling that they may be abandoned at any moment by the nurses," said ministry director-general Dan Michaeli. But Health Minister Gur said court injunctions against the nurses were still not contemplated.

The Treasury is trying to find a formula that would increase nurses' salaries without that causing a demand for increases by all other pub-

lic sector workers. That formula could be based on pay rises disguised as allowances for higher education and greater job responsibility.

Additional benefits could include shorter work weeks, a 13th-month salary, day care centres for nurses' infants and toddlers, and free transport to and from hospitals.

But the nurses want much higher salaries and many more job slots. Nurses' salaries cost an annual \$80 million.

Hospitals and doctors are near breaking point. Yesterday, patients increasingly complained about the seemingly endless dispute.

SHAMIR

(Continued from Page One)

non-violent political settlement in South Africa; and promised Israeli assistance to African nations in need.

Shamir spoke of the Soviet-Israeli meeting in Helsinki, and said "we hope it is a sign of a positive change in the policy of the Soviet Union toward Israel." He added, however, "without...a renewal of diplomatic relations and without a major

change in the Soviet Union's policy toward Soviet Jews - especially the policy that prevents them from exercising their basic rights to repatriation in Israel - it is difficult to see how the Soviet Union could contribute in any way to the attainment of peace in our region."

Asked why he had very few new ideas in his speech, Shamir replied, "I don't know if there were new ideas. I do know that the speech had a lot of good ideas."

Kach man gets bail in vandalism case

ASHKELON (Itim). - Kach secretary Baruch Marzel, arrested on Sunday on suspicion of vandalism and creating a public disturbance here, was released yesterday by the Magistrates' Court on NIS 1,500 bail. He must report to the police three times a week until the conclusion of his trial.

Marzel has been charged with three counts of disturbing the peace. Police say he smashed windshields and destroyed municipal property during disturbances surrounding

Sunday's dedication of Peace Square, in memory of Moroccan King Mohammed V. His trial has been scheduled for November 12.

Marzel, arrested during the turbulent Yamit withdrawal, has several convictions for disturbing the peace. The mood here has quietened since Sunday's demonstrations. But many young people continue to mill around the square to look at the plaque, which has been spattered with green paint and heavily stained with oil.

EILAT. - Israel radio yesterday launched the country's first local radio station with four hours of daily broadcasts in Hebrew from a studio in Eilat's Neptune Hotel.

Ukrainians in U.S. rally behind Demjanjuk

CLEVELAND (Reuter). - Ukrainian church and civic groups yesterday mounted a campaign to support John (Ivan) Demjanjuk headed for trial on charges that he was a Nazi guard at Treblinka death camp in Poland.

The Ukrainian Orthodox Church in the Free World said it was sending a representative to Israel from its New York headquarters to "lend moral support" to Demjanjuk following the issuing of formal charges against him in a Jerusalem court on Monday.

The emissary, Bishop Antony, was being sent on what was described as a "pastoral visit." Church officials said they hoped the bishop would be given official observer status at the trial, which may not start until January.

Members of Cleveland's 40,000-

strong Ukrainian-American community believe that Demjanjuk is innocent and was framed by the Soviet Union as part of the historic hostility between the Russians and Ukrainians. Demjanjuk has said he is the victim of a Soviet plot to discredit Ukrainian-Americans.

Jack Bursen, president of St. Vladimir's Church in Parma, Ohio, where Demjanjuk was a member, said: "We believe he is totally innocent." He accused the Israeli government of "cruel and unfair" treatment by keeping Demjanjuk in jail during the seven months since the U.S. government handed him over and Monday's formal indictment.

Demjanjuk's son-in-law, Edward Nishnic, has started a defence fund for his father-in-law is contacting Ukrainian-American groups around the country, he said.

Agreement on third Taba arbitrator

GENEVA (Reuter). - Senior Israeli and Egyptian officials have agreed on a third arbitrator to join two others in forthcoming negotiations to settle the Taba territorial dispute, diplomatic sources said yesterday.

The delegations at the talks at Geneva City Hall were led by David Kimche, director-general of the Foreign Ministry, and Nabii Al-Arabi, head of the legal department of the Egyptian Foreign Ministry.

They said all parties had agreed on the choice for the third arbitrator - a European - but his identity would be made known only later this week, pending his acceptance.

Also present were the two arbitrators already selected: Dietrich Schindler, professor of law at Zurich University, and Pierre Bellet of France.

It is understood that the first meeting of the arbitration committee will be held here in December. According to Foreign Ministry legal adviser Robi Sabel, the talks will last about a year.

Officials report that the president of the arbitration court will be paid \$300,000 and each arbitrator \$100,000. The cost will be shared by Israel and Egypt.

Herzog 'puts aside pardon pleas for underground'

Jerusalem Post Staff

President Herzog has reportedly suspended his consideration of clemency requests for six underground members following continued demonstrations for their release. The president's spokesman refused to confirm the report over Israel Radio but recalled Herzog's statement three weeks ago that he would not act on the matter under pressure.

The police have refused to permit a march planned for next Tuesday through Jerusalem's centre.

A police spokesman said the route through the Ben-Yehuda mall and along King George Street would disrupt traffic and obstruct passers-by.

Army gets first woman general

Post Defence Correspondent

The IDF will get its first woman general on Friday, when the head of the Women's Corps, Aluf Mishne (colonel) Amira Dotan, is promoted to the rank of Tat-Aluf (brigadier-general). Dotan's promotion will open up the ladder of advancement for other women in the IDF, who until now could attain only the rank of colonel.

Although senior officers have been careful not to criticize the promotion publicly for fear of being accused of "sexism," many in the upper military echelons believe that the promotion was unnecessary. "At a time when unprecedented budget cuts have forced a down-grading of most ranks, and when literally dozens of senior officers are being dismissed from important, but secondary jobs, upgrading the head of the Women's Corps seems an unnecessary extravagance," *The Jerusalem Post* was told by one senior officer yesterday.

Referring to the appointment, Deputy Chief of Staff Dan Shmiron said: "I suppose the appointment was made to encourage women in the army or something...Other than that I have no explanation."

HOME NEWS IN BRIEF

Kibbutz gives up on flea market

Members of Kibbutz Nir Eliyahu are to give up their struggle to hold a Sabbath flea market. The decision was taken earlier this week during a long and heated general meeting.

Kibbutz secretary Shmuel Eyal later said that the kibbutz felt it lacked the political and legal support to continue pressing for the flea market.

The kibbutz is considering operating a market to sell kibbutz products, which would open on weekdays only.

Navy nabs boat thieves

EILAT (Itim). - A 22-year-old Ashdod man, who stole a boat from the marina here "to take a spin in the sea" with his girlfriend, was stopped by Israel Navy patrol boats late Monday night. Both were injured as the boat was caught.

The man and his 34-year-old girlfriend almost reached Akaba in their late night excursion. The patrol boats gave chase after spotting the suspicious vessel. The two are being treated at Josephthal Hospital here.

Kibbutz fetes jailed refusenik

GIVAT OZ (Itim). - Refusenik Rold (Alik) Zelichenok's 50th birthday was celebrated on Monday night at Kibbutz Givat Oz



Carrying his bags and offering a hearty wave, American journalist Nicholas Daniloff walks down the airplane ramp in Frankfurt after his release from the Soviet Union on Monday. With Daniloff are his wife, Ruth (left), and U.S. Ambassador to West Germany Richard Burt. (Reuters)

Orlov: Active dissident

MOSCOW (AP). — Yuri Orlov, whose release from the Soviet Union was announced yesterday, is one of the most prominent Soviet dissidents despite eight years in labour camps and exile for his role in founding the nation's premier unofficial human-rights group.

Along with fellow physicist Andrei Sakharov, who remains exiled to the closed city of Gorky, Orlov has long been regarded in the West as a living symbol of Kremlin human-rights abuses.

The 62-year-old scientist co-founded Moscow's Helsinki Watch Group in May 1976 to monitor Soviet compliance with human-rights provisions of the 35-nation Helsinki Accords on East-West Cooperation.

Two years later, as the Kremlin pressed a systematic crackdown on the group, Orlov was convicted of anti-Soviet agitation and sentenced to seven years in prison and five years in exile.

The Moscow Watch Group, which once boasted more than 30 active members, finally was forced to disband in 1982 when only three of them remained free. Anatoly Sharansky, a close friend of Orlov's, was one of the two Jewish movement representatives in the Helsinki group.

As a specialist in particle physics, Orlov had considerable scientific stature. Dozens of prominent physicists decided last April to boycott a scientific gathering in the Soviet Union to protest against Orlov's continued exile in the Siberian village of Kobyai near the Arctic Circle, where he was last reported to be confined.

Periodic reports from dissident groups and from his wife, Irina, who lives in Moscow, indicate Orlov's health has deteriorated under the harshness of life in labour camps and in exile.

In 1956, at a time when public dissent was almost unheard of,

Orlov addressed a party meeting with a proposal for democratic reforms in the government and the Communist Party. He soon was expelled from the party and lost his job.

In 1973, when Soviet scientists were being recruited to sign a letter condemning Sakharov for his dissent activities, Orlov instead composed a letter in Sakharov's defence.

He was fired from another job and was forced to support himself in part by tutoring in physics. He finally became more involved in the dissident activities that led to his arrest.

The watch group he helped found began a flurry of activities, writing papers and open letters and meetings with western correspondents. They became a key link between Soviet dissidents and the outside world.

The crackdown that included Orlov's arrest eventually shattered the group, and by the time it disbanded in 1982, the only members still free were Sakharov's wife, Yelena Bonner, mathematician Natan Meiman and attorney Sophia Kalistratova.

Orlov's trial did not take place until the following year. In an extraordinary development during the proceedings, his court-appointed lawyer called for the charges to be dropped for lack of evidence.

His conviction was denounced officially by a large number of countries protesting that the action was not in accordance with the commitments undertaken by the Soviet Union at Helsinki. The dissident movement was broken.

In November 1985 U.S. professor and Nobel Medicine Prize winner George Wald raised Orlov's case during a meeting with Soviet leader Gorbachev. He said the Communist Party chief told him he did not know the physicist's name, that the USSR was a big country and that he could not know the fate of all of its citizens.

Reagan is wooing senators to back him on South Africa

WASHINGTON. — Secretary of State George Shultz told Republican senators yesterday that a vote to override the veto of sanctions against South Africa would undermine President Ronald Reagan's negotiating position in the upcoming meeting with Soviet leader Mikhail Gorbachev.

At the same time, the White House announced that Reagan will nominate the U.S. ambassador to Liberia, Edward Perkins, as the first black American ambassador to South Africa.

One participant at the meeting with Shultz, Sen. Charles Grassley, told reporters that no votes were changed.

Grassley said Shultz told a group of nine or ten Republican senators "that if the Senate overrides the veto on South Africa it would weaken the president's bargaining position and

his foreign policy authority." But Grassley said he did not find Shultz's argument persuasive because U.S. policy towards South Africa "should not be a driving force" in talks with the Soviet Union.

Reagan, battered by Monday's 313-83 House vote to override his veto of sanctions legislation, is facing heavy odds as he battles to convince the Republican-controlled Senate to sustain his position when they vote today.

Sen. Robert Dole, the majority leader, in whose office the session was held, said he "asked my colleagues to hold their fire and give the president an opportunity to visit with them. I believe the veto ought to be sustained."

He said Shultz told senators "it wouldn't be of any help to the president when he sits down with Mr.

Gorbachev to have been clobbered by the Congress on a foreign policy issue."

South Africa's 70-year-old president P.W. Botha said yesterday he was stepping down as National Party (NP) leader in Cape Province, and political analysts said it could mark the start of his withdrawal from politics.

The country's highest court, meanwhile, upheld the legality of regulations the government has used to detain thousands of people under a three-month-old state of emergency.

Botha told an NP congress in the Eastern Cape he would not stand again after 20 years as regional party leader.

He will be replaced by Chris Heunis, the 59-year-old cabinet minister who drafted South Africa's cautious reforms. (AP, Reuters)

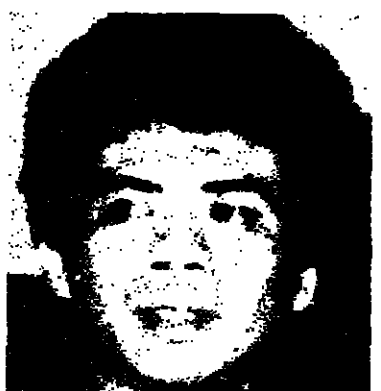
Filipino rebel chief captured

MANILA (AP). — The commander of Communist insurgents has been arrested with his wife and driver, the military said yesterday, and rebel spokesmen demanded their release before peace talks with the government continue.

Military spokesman Silvestre Añable said Rodolfo Salas, 39, also known as "Commander Bilog," was arrested on Monday night with the others in front of a Manila hospital where he had gone for a medical checkup.

They were held yesterday in a military camp in the Manila area.

Defence Minister Juan Ponce Enrile refused to speculate on what effect the arrest of such a prominent Communist figure would have on efforts to negotiate an end to the



Captured rebel Salas (AFP)

insurgency.

"If they are going to ask for the release of Rodolfo Salas, I must say

with all candor we will raise our objections," Enrile said. "If this is going to be an issue, it will pose a serious issue in our country."

Afable identified Salas as commander-in-chief of the New People's Army, the military wing of the outlawed Communist Party of the Philippines which has been waging a guerrilla war since 1969. He had been chairman of the CPP until he lost his party post in a shakeup last summer, military and rebel sources said.

The ministry statement also accused Salas, a former student agitator, of involvement in the April 1974 ambush on Bataan peninsula in which five U.S. Navy officers were killed.

Aborigines irate over brewery sponsorship of papal tour

SYDNEY (Reuters). — An Australian brewery's major sponsorship of Pope John Paul's forthcoming Australian tour has triggered a bitter row with the local Aboriginal community.

One of the churchmen organizing the visit was involved Monday night in an extraordinary television slanging match with a leading Aborigine who accused the Catholic Church of accepting "blood money."

"Why don't you get sponsorship from the cocaine and heroin dealers in Australia?" the head of the Aboriginal Affairs Department, Charles Perkins, told Father Anthony Kain, director of the South Australian leg of the nationwide tour.

The South Australian Brewing Holdings Group said the papal deal, worth more than \$63,000, would pay for a picnic for about 250,000 people after a Mass in Adelaide on November 30.

The brewers will also issue "special edition" beer cans to commemorate the seven-day papal visit which starts on November 24.

Perkins, an anti-alcohol activist,

was particularly incensed by Kain's remark that alcohol was a gift from God.

"I have never heard a more ridiculous statement in my life. What they are doing is selling their souls to the beer companies..."

Perkins told Kain at the end of the angry argument: "Father, count your dead."

Perkins said he was concerned that the Catholic Church was actively condoning consumption of liquor when alcoholism was a major social problem among the country's 160,000 Aborigines.

Sixth person dies from bombing of Paris store

PARIS (AFP). — A sixth person has died from the September 17 bomb attack at a discount clothing store in southern Paris, police said yesterday. The explosion has been linked with a group known as the Committee for Solidarity with Arab and Middle East Political Prisoners, seeking the release of three Middle East militants held in a Paris jail.

U.S. test fires Asat rocket

WASHINGTON (AP). — The U.S. successfully conducted its fifth test of a satellite-killing rocket early yesterday over the Pacific Ocean near California, the Defence Department said.

The anti-satellite, or Asat, missile was launched from an F-15 jet fighter and successfully "used the energy source of a distant star as the target," a Pentagon statement said.

The test involved an experiment with the missile's guidance system, and the rocket was not fired against an actual object in space, the Pentagon said.

It was the second test of the Asat missile in as many months and the fifth since the first "live fire" experiment on January 21, 1984. The Asat missile has been fired against an actual object in space only once.

NOBEL. — The 1986 Nobel Peace Prize winner will be selected on Friday with Irish rock star Bob Geldof receiving heavy popular support. Nobel Institute Director Jakob Sverdrup said yesterday in Oslo. There were 81 nominations.

East, West diverge at security meeting

VIENNA (Reuters). — East Bloc states yesterday made clear they wanted the European security conference opening here in November to focus on security and disarmament issues and not human rights, which Western delegates say are a "Western obsession."

Delegates attending the preparatory meeting for the follow-up session of the 35-nation Conference on Security and Cooperation in Europe (CSCE) said work would now start on a compromise agenda. The meeting is due to end next Monday.

BAN ON FOREIGNERS. — The Indian government yesterday extended for three more months a ban on entry of foreigners into troubled Punjab state, an official statement said.

LETTER FROM LONDON

Luton barred from cup after bid to curb violence

The issue: How to keep out thugs, let good fans in

LONDON. — Unless you're six foot four and happy to keep your motorbike helmet on, attending a football match in Britain has become something of a rather terrifying experience.

Apart from incidental difficulties, getting a view of the actual game, the middle of thousands of entirely uninterested stands to collapse, for forgotten darts and coins to go flying past your forehead to strike some other unfortunate, or for your favourite fish and chip van to mysteriously self-combust in the middle of the game — as indeed happened at Bradford City's accident-prone ground only last week.

Given these unpleasant circumstances, Luton Town football club's decision at the beginning of this season to ban supporters of visiting

teams from its ground was warmly welcomed in many quarters.

As Luton chairman David Evans explained it, keeping the away fans out ought to bring an end to fighting on the terraces, and might bring back local supporters scared away from watching their team in action.

As for accusations that the ban would kill the traditional stadium atmosphere, Evans asked: "Is 300 people exchanging obscene chants from either end of the ground really atmosphere?"

Not everyone saw it Luton's way, however, and when the club refused to waive the ban for its Littlewoods Cup (formerly League Cup) tie against Cardiff City, the Football League summarily booted it out of the competition, explaining that according to the rules 25 per cent of all tickets had to go to supporters of the visiting side.

Defending the decision, Gordon Taylor, of the Professional Footballers' Association, said that "while Luton's situation might solve their problems with the hooligans, it is not an acceptable answer when a more general view of the game and its problems is taken. We should not deny the right of genuine, law-abiding citizens to follow their chosen football team wherever they wish."

Genuine, law-abiding public, in fact, has been running its collective hands through its hair in bewilderment at the League's behaviour. Here you have one team actually doing something to keep hooliganism out of British soccer, and the League goes and penalizes them.

Not too surprisingly, Prime Minister Thatcher has thrown her weight firmly behind Luton (it might usefully be noted that club chairman Evans

is a prospective Conservative candidate for the constituency of Welwyn and Hatfield), and has urged the League to rethink its decision to expel the team from the cup competition. Thatcher called Luton's away fan ban "an exciting scheme," and said she hoped the League would use "latitude and flexibility" and "give it a chance."

For the moment though, the ball has been kicked onto the club chairman's pitch, if you'll pardon the mixed metaphor. After talks between Luton and the League late last week, it was agreed that the 92 club chairmen would vote on Luton's expulsion from the cup, with the League agreeing to stand by whatever decision is reached.

Expert opinion has it that Luton will lose the vote, because Evans is unpopular among his fellow chairman, because most clubs already

have a healthy dislike of Luton's artificial playing surface and, perhaps most importantly, because many clubs would simply not survive financially without the gate money from away fans.

Whatever happens in Luton's case, and whatever the consensus on the merits of the club's revolutionary experiment, restricting admission to home supporters is evidently not going to cure the ills afflicting British football. However successful the scheme is in keeping the hooligans out, its acceptance will never be widespread as long as it is not financially viable.

Rather than picking fights with a club that is at least trying to solve the problem, the Football League might better occupy itself looking for a solution that keeps out the thugs but lets in the peaceful away fans, and the uncommitted fans.

Djibouti restores ties with Cairo

DJIBOUTI (Reuters). — The Red Sea state of Djibouti yesterday restored diplomatic relations with Egypt, broken in 1979 after Cairo signed its peace treaty with Israel. Foreign Minister Moumin Bahdon Farah announced.

Farah said Egypt was playing an indispensable role in the search for a solution to the Palestinian problem and restoring links would reinforce Arab unity.

Four other Arab League states — Sudan, Somalia, Oman and Jordan — had previously reopened embassies in Cairo.

Nurses strike in Sweden

STOCKHOLM (Reuters). — 14,000 nurses, government workers and public sector professionals went on strike yesterday, forcing hospital departments and government offices to close and disrupting public transportation. It is the second public sector walk-out this year.

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Navon announces efficiency measures

Anti-bureaucracy shake-up planned in Education Ministry

By BERNARD JOSEPHS

Education Ministry bureaucrats are facing a major shake-up aimed at increasing their efficiency, cutting out job duplication and raising work standards. Education Minister Yitzhak Navon announced yesterday.

Addressing a press conference in Jerusalem, he said the aim was to ensure that the ministry serves the needs of education and not the other way round.

Though the reorganization plan has not been finalized, he added, it will mean merging some services and tightening controls within the ministry and "in the field."

The minister said he would not discuss the fate of individual officials under the plan. Some jobs would change, but he was "not bringing in the guillotine."

But a senior ministry source said later that although the reorganization was not a job-cutting exercise, officials whose performance was "not up to standard" would be replaced.

Ministry Director-General Shimon Shoshani appeared to back this up, saying: "Those who reach the level we demand will work. Those who don't will not."

Personnel changes would be made within the next two months, he said. Navon said the first aim was to boost the power of the ministry's pedagogic service, which decides what teachers should teach, but

which has little control over how they teach. The service would now have a larger say on teaching methods, he said.

Duplication will be cut in sport — where two different branches are responsible, in teacher workshops — currently arranged by some five different offices, and organizations, and in behavioural problems — dealt with by at least two ministry sections.

The ministry said a "watchdog committee" of senior officials headed by Shoshani, would keep an eye on how policy is put into action in the schools.

"We want to know what is happening in the field. We want to make sure policies are being carried out, receive reactions from schools, and ideas for new policies," he explained.

Navon reacted sharply to reports that the reorganization had been arranged to reduce the influence of the Orthodox sector in the ministry.

"We are doing this for one reason only, for the good of the education system," he said. "This plan is not based on personalities and I totally reject the claim that we want to hit religious education."

"There has been no political or party pressure on me. This whole thing is based on educational and economic demands. The changes will affect those who wear kippot and those who do not."



Thirty thousand senior citizens throughout the country yesterday received a gift parcel in a "Flower and Greetings" project sponsored by the Deputy Minister of Labour and Social Affairs, Rabbi Rafael Pinasi. About 9,000 volunteers distributed the gifts of honey, wine and sweets. They visited centres for the elderly as well as senior citizens living at home. The annual project is organized by the ministry's volunteer unit as well as Services for the Elderly. The Jerusalem Post's Forsake Me Not Fund and the Public Council for the Elderly. Picture shows a Jerusalem volunteer, Meier Cohen, with Kohava Hayoun, who is blind. (Rahamim Israeli)

'Israel's lack of religious pluralism causes ripples in Washington'

By HAIM SHAPIRO

"The vast majority of American Jewish politicians, the congressmen and the senators, are Reform Jews and every time there is a problem in Israel (regarding religious pluralism) the ripples are felt in Washington," according to Rabbi David Saperstein, director of the Religious Action Centre (RAC), the political arm of the American Reform movement.

Saperstein argues that the limitations on non-Orthodox religious expression in Israel hurt Israel's case on a general level in the U.S. He is referring to issues such as a change in the "Who is a Jew" law, or the case

of Shoshana Miller, the Reform convert who is fighting to be registered on her identity card as a Jew.

But these views do not keep him from cooperating fully with the Conservative and Orthodox movements in the U.S. The RAC is the only Jewish political action office with religious affiliations, and as such often represents Jews of all religious outlooks in testifying, for example, to congressional committees.

In the recent past, the RAC has had to face the challenge of Pat Robertson, an evangelical preacher who is running for president on an extreme right-wing platform. "Re-

form Judaism has been the most outspoken group against the religious right, while encouraging their support for Israel," he notes.

But he also challenges the claim by some sections of the religious right concerning their support of Israel. Jerry Falwell, he says, has never called for support of Israel by the congressmen close to him.

As for Israel, Saperstein said that the Reform movement intends to set up an Israeli version of the RAC to lobby on issues it regards as significant here. Naturally, he said, it would be an entirely Israeli body.

Hungarian Jews can leave — empty-handed

By DAVID HOROVITZ

Jerusalem Post Correspondent LONDON. — Hungary's Jews are free to leave for Israel whenever they want, but they cannot take any capital with them, according to Dr. Lionel Kopelowitz, President of the Board of Deputies of British Jews.

But Kopelowitz, just back from a tour of Turkey, Hungary and Romania, said that few of Hungary's 85,000 Jews seemed to have any enthusiasm for emigrating.

"There is a warm relationship between the government and the community, no discernible anti-Semitism, and no apparent interest in aliyah," he said.

In Romania, on the other hand, Kopelowitz found that "most of the young people seem intent on settling in Israel." He attributed this to the work of Chief Rabbi Moshe Rosen.

"Under his guidance, the 39,000 Jews have achieved what many would regard as impossible — carrying on an effective Jewish life under a Communist regime."

Judaism and a love of Israel thrive in Romania, he said. A concert in honour of the visiting British Jews was attended by ambassadors of the U.S., UK, France and Israel, all of whom joined in dancing a lively hora on stage at the end.

Kopelowitz visited Turkey just days before the Istanbul synagogue massacre. Returning there for the funeral, he found a Jewish community "shaken and utterly changed" by events. "Suddenly there was tight security where previously there had been none. Suddenly there was a realization that Jews the world over share the same problems, and that we all are vulnerable," he said.

Refusenik jailed; wouldn't testify against others

By SARAH HONIG

TEL AVIV. — A Jewish activist was recently punished by the Soviets for refusing to testify against a Prisoner of Zion and for helping other prisoners' families, sources here said.

Semion Borovinsky was tried and convicted in Moscow recently for his refusal earlier in the year to testify against his friend Vladimir Lifshitz, who was put on trial for "anti-Soviet activities." Lifshitz was sentenced to three years' hard labour, the sources said.

Borovinsky, also an activist, was sentenced to five months' compulsory "public service," or menial labour, for failing to testify against Lifshitz. That, and the fact that he aided other prisoners' families, induced the court to order that Borovinsky be dismissed from his job and that part of his pay be confiscated.

If Borovinsky does not get new

employment soon after his five months of punitive labour are over, he will be liable to prosecution and imprisonment on the unique Soviet crime of "parasitism," the sources said.

Meanwhile, the Florov family of Moscow has launched a hunger strike. They are protesting against the refusal of the authorities to allow the whole family to emigrate to Israel so that Inessa Florova can donate bone marrow to her leukemia-stricken brother, Michael Shirman of Ness Ziona.

The Soviets say she can leave with her two daughters, but that her husband Victor must stay behind because his father has refused to sign an emigration permit.

Florova is the one possible potential donor for Shirman whose time is fast running out, according to Kaplan hospital physicians.

Study group to probe teenage violence

By BERNARD JOSEPHS

A special committee to find ways to stop teenage violence has been set up by the education minister in the wake of recent knife attacks involving high school pupils.

The move was ordered by minister Yitzhak Navon following the latest incident, on Sunday, when a 15-year-old, selling Magen David Adom tickets, was stabbed in Rehovot by a 13-year-old customer.

At least three similar incidents, involving the use of a knife or threats to use one, have been reported this week.

Navon told journalists yesterday that he considered violence a major problem and agreed that his ministry had a responsibility to help deal with

it, even though most incidents occur outside school hours.

"We have no immediate answers but we are not waiting for the perfect solution. We are acting now," he said.

The minister said he believed education could be blamed for some violence among young people, but other factors also exerted strong influences.

"There are violent films, there are problems at home and there is the influence of the street. All these things can be to blame," he said.

The special committee, which is to meet in the next few days, will include representatives of the police, teachers, psychologists and sociologists.

Blitz on Eilat price-gougers

By GREER FAY CASHMAN

Jerusalem Post Reporter A pre-Rosh Hashana blitz on tourist facilities in Eilat has been mounted by the Ministry of Tourism and the Eilat Municipality, following a spate of complaints about price gouging in the country's only free trade zone.

Inspectors swooped on some 60 restaurants, checking prices, menu quality, hygiene standards and licences. Twelve people are to be prosecuted for overcharging and operating without a licence.

Similar raids are to be made on hotels and taxis.

Old soldiers meet

Members of the supernumerary police (notrim) who served between 1936 and 1948 will gather tomorrow at the Mann Auditorium, Tel Aviv, to mark the 50th anniversary of the unit's foundation.

The supernumerary police, set up by the Hagana and the British Mandate government, patrolled British military and air bases. Most of the men, who were legally armed by the British, were drafted from the ranks of the Hagana. The unit became a training school for many future IDF commanders.

Prime Minister Peres is to address the assembly, which was organized by the Government Information Centre, the Jewish Agency and the Hagana veterans association. (Itim)

Father of Jordan FM 'stable' at Shaare Zedek

By JUDY SIEGEL

The father of Jordanian Foreign Minister Taher al-Masri, who arrived in Jerusalem at Shaare Zedek Hospital on Monday, was yesterday reported to be in stable condition and being treated for a respiratory infection.

As reported in yesterday's Jerusalem Post, the 69-year-old Nablus resident is being cared for by Prof. Chaim Hershko, head of the internal medicine department. Yesterday there was still no explanation why al-Masri's family had decided to send him to the Jerusalem hospital.

Still in intensive care, Nashat al-Masri is receiving mechanical assistance in breathing while he recovers from the lung infection. During the eight-hour nationwide walkout by nurses from 11 p.m. Monday until 7 a.m. yesterday, nurses remained at his side.

Al-Masri arrived from Nablus, where he has lived since 1967, and not from London, as initially reported by the hospital.

He has a number of medical problems, in addition to the respiratory infection.

Limits to flute-guitar combination

Avner Biran, flute, and Yehuda Schryer, guitar (Tel Aviv Museum, September 27). Handel: Sonata for Flute and Guitar in A Minor; J.S. Bach: Three pieces from Suite for Late solo guitar; Castelnuovo-Tedesco: Sonata for Flute and Guitar Op. 205; C.P.E. Bach: Sonata in A Minor for Flute Solo; Paganini: Sonata Concertina for Guitar and Flute; Giuliani: Fantasy and Variations for Flute and Guitar; Ibert: Entr'acte.

The flute-guitar medium has its problems. The repertoire — to judge by what Avner Biran and Yehuda Schryer chose to offer in their recital — is decidedly run-of-the-mill.

Still more serious is the question of sonar compatibility between the instruments. In the acoustic environment of the Tel Aviv Museum Kaufmann Auditorium — both alive and dry — the thick, occasionally shrill tone of the flute tended to reduce the deeper guitar sound to rhythmic and harmonic background.

Which was a pity, for Schryer's contributions, when heard, proved very professional indeed. The guitarist treated his phrases with a winning measure of flexibility, bringing out the interplay of parts in many-voiced textures and producing round and warm sound throughout. Happily, the changes of mood, too, were carefully attended to.

As to the flute component, Biran left no doubt about his ability to meet every technical challenge head on.

On a basic level, however, there was excessive trembling in his tone, the phrasing emerged charmless and rather stiff, while interpretive subtleties, such as could be glimpsed in the programme, received far from sufficient expression.

ELI KAREV



Ivory Coast ambassador Jean-Pierre Boni presents his credentials to President Herzog in Jerusalem yesterday. (Issac Harari)

The Ivory Coast 'sets an example'

By JUDY SIEGEL

Jerusalem Post Reporter Ivory Coast Ambassador Jean-Pierre Boni yesterday presented his credentials and officially moved into the embassy in Jerusalem's Rehov Alroi, which had stood vacant for 13 years.

The Arab world's lack of reaction to the renewal of diplomatic relations "should serve as an example to other countries who want to re-establish ties with us," President Herzog told reporters after the Beit Hanassi ceremony.

Boni, 48, has been an attaché and adviser in Brazil, New York, Bonn

and Cairo. He is his country's first ambassador to Israel since the Ivory Coast severed relations in November, 1973, in the wake of the Yom Kippur War.

The embassy is the third to be located in Jerusalem, after El Salvador and Costa Rica.

Economic ties with the Ivory Coast (population nine million) have "always been very good," a Foreign Ministry official said. Sotil Boneh and other construction companies have done considerable business there, and many Israeli experts have served as advisers even when there were no official diplomatic ties.

An honour guard of Air Force and army soldiers stood at attention as the Ivory Coast's orange-green-and-white flag was raised.

The president noted later that the renewal of relations with the Ivory Coast was part of a recent process in which "countries want to have diplomatic ties, and there is an openness even in Eastern Europe. The Ivory Coast always had a special relationship with us; I hope the ties will return to the level they were previously."

Boni is the son of the president of the Ivory Coast's supreme court, who is known for his very friendly attitude to Israel.

1985 Military Balance

Mark A. Heller, Aharon Levran, Zeev Eytan
Edited by Mark A. Heller

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Profile of the 'first peasant president'

President Felix Houphouët Boigny, of the Ivory Coast, has just been awarded a medal specially struck by the UN's Food and Agricultural Organization to mark his outstanding contribution to agriculture. Alastair Matheson profiles the president.

He likes to call himself "the first peasant" of his country and prides himself on his humble origins (although from a chief's family, he has worked on the soil). But the nine million people of the Ivory Coast take no liberties with the president who has ruled them with a firm hand ever since France gave them their independence in 1960.

Diminutive and still spritely for his age (82 this month), he has been a political giant in West Africa for more than three decades and is the only African leader among the founder-members of the OAU (Organization of African Unity) still in power.

For his survival he owes much to the French, although he clashed with them when they ruled his country, first by protesting against forced labour on the French-owned plantations and then when he championed native farmers seeking equal opportunities with foreign planters.

In those days he flirted with the French Communists and their agents in Africa, but broke with them in 1950. Since then Houphouët Boigny has been very much his own man, gradually moving away from leftist ideologies until he now directs the

most capitalist economy in West Africa, and rules through the party he himself formed in 1945, the Democratic Party of the Ivory Coast. Today it is the only party.

At home he brooks no opposition and cares little for what outsiders think of him or of his style of government. This caused early differences with neighbouring rulers such as Sekou Toure in Guinea and Kwame Nkrumah in Ghana, and similar strains continue with Ghana's present leader, Jerry Rawlings, and with Thomas Sankara, of Burkina Faso (formerly Upper Volta).

Since the 1970s he has believed that dialogue with the white rulers of South Africa is the best way to end apartheid, and even hosted former Prime Minister John Vorster on a visit to Abidjan in 1974. Earlier this year he caused ripples within the OAU by renewing diplomatic ties with Israel. During the civil war raging in Nigeria he outraged Lagos by supporting the Biafran secessionists and then gave the Biafran leader, Colonel Odumegwu Ojukwu, asylum when he had to flee. More recently he did the same for the ousted "Emperor" Jean Bedel Bokassa, of the Central African Republic, but only temporarily.

Houphouët Boigny holds no grudges against his former colonial masters, and from De Gaulle onwards has maintained close relations with most French assistance, including military support.

On the economic front, and in contrast to the high profile accorded the "Ivoirien miracle" (the world's



Houphouët Boigny

leading coca producer, third in coffee and cotton), little publicity is given to the considerable earnings from the offshore oil deposits, said to have a huge potential.

However, austerity came in the 1980s after drought, compounded with the high rate of servicing debts and falling produce prices, slowed down development.

It was only to be expected that the president's critics (mostly from the academic world, including students) would constantly attack his ostentatious lifestyle. (He once hired a Concorde jet to make a spectacular return home after a prolonged absence in Europe).

They deplore the money lavished on prestige projects, especially the expense in setting up the "village capital" in the president's beloved home town of Yamoussoukro (population 80,000). The town also has a new 500-bed five-star hotel.

Houphouët Boigny likes to disarm his detractors in public, such as the time he said his wealth had been

earned honestly. In an impromptu aside he admitted banking his money overseas, but stressed it was his own, and not the country's. "Who is the serious man who does not place a part of his money in Switzerland?" he asked. "I would be crazy to sacrifice the future of my children with the actions of crazies here without thinking of their future."

The constant topic of speculation over the past decade has been who will succeed the ageing leader. The will contest is always joking about the subject, even publicly pointing to those he thinks are jockeying for his chair. But he remains tight-lipped on the serious side.

After creating a vice-presidential post in 1980, making everyone think this was a move to groom his chosen successor, he abolished it last year. By then several "hopefuls" had fallen from grace.

Instead of the vice-presidency, Houphouët Boigny announced at a marathon six-hour press conference last November that in the event of his death or incapacitation the Speaker of the National Assembly, Henri Konan Bedie, would assume executive power. Within 60 days a presidential election would be held, at which Konan could be a candidate.

With this head-start for Konan, most Ivoirians now think the succession is more or less settled. But others are keeping an eye on the military leaders, many of whom are northerners, with close links to neighbouring Muslim states.

(London Observer Service)

مركز الدراسات الاستراتيجية

The 'invisible people'

Julie Flint talks with Shi'ites in South Lebanon.

IT WAS the largest attack by the Lebanese resistance since the Israeli army invaded Lebanon to crush the Palestine Liberation Organization in 1982.

Moving in the dead of night, scores of fighters clambered up the rocky precipice overhanging this semi-deserted town and overran a position held by the South Lebanon Army (SLA), Israel's proxy militia, on the very edge of Israel's "security belt" in South Lebanon.

Both sides agree that 11 SLA men died in the attack on Sojod — one of four attacks which killed 16 SLA fighters over a 10-day period, threatened the whole concept of the "security belt" and prompted Israel to mass troops and tanks along the international border once more.

The attack on Sojod was spearheaded, participants say, by 15 young Shi'ites from Sojod, whose desire to recover towns and villages that have been under occupation now for more than four years is far stronger than attachment to any organization.

"Amal, Hizbullah, it doesn't matter," said a young man from one of the Sojod families that took part in the attack. "We support everyone who can support us. Look at that mountain. We know every stone on it, every tree, and we still don't know how we got up there." The fighters had submachine guns and shoulder-fired rocket-propelled grenades to pit against the tanks and heavy

weapons of the SLA.

"The south people are like my fingers. They are not equal. Maybe one is Amal, one Hizbullah. But if I want to catch you, I catch you with my whole hand."

Friends say the 15 who opened the way into Sojod were all under 25, "more religious than many Shi'ites, but not like the Hizbullahs in Beirut who take money from their sheikh and drive BMWs." Most of them had been jailed in one or more of Israel's prisons in South Lebanon — Ansar, Atlit, Khiam. They came from Beirut, where they work, and after the operation went back to Beirut, to work again.

Before 1982, Sojod was peaceful farming community of a few thousand souls. When the Israelis invaded, many villagers fled. Those who stayed, having no livelihood elsewhere, tended goats and sheep. In August 1985, after the bulk of the Israeli Army pulled out of South Lebanon, drawing back into the "security belt," the SLA expelled the last 15 villagers.

"I was praying at 3 a.m. when they came," said Amira, a 50-year-old woman who was one of the 15. "They told me to stop praying. I didn't answer. They put a gun to my chest. They gathered us in the town square and told us to walk the moun-

tain, which was mined. They closed all the roads we knew.

"A young boy broke his leg. A girl, she was about 20, had her foot blown off and we carried her. It took three or four hours. They wanted us to die on the mountain."

Arab Selim, like other fringe villages in "liberated" South Lebanon, now expects reprisals. Since that attack on Sojod, shelling from the Sojod Heights has increased dramatically.

A woman from Arab Selim who was visiting her dying father in Rihan, near Sojod, reported that "many, many" Israeli soldiers moved up to the edge of the "security belt" after Sojod. "Before, there was only SLA. But the SLA ran away."

Amira said, when she returned home, the Israelis had left again, having put their SLA proxies back in place and having stiffened their muscle — and resolve — with more tanks and heavy weapons.

"Against Israel we are alone," said a middle-aged shopkeeper. "Is there another way? There is no other way. If they don't take any notice of the big countries in the United Nations — a reference to the call by the Security Council for Israel to withdraw to the international border — they won't take any notice of us."

"Israel came to our land in 1982 and said: 'We are against the Palestinians. We are not against you.' But they destroyed our homes and put us out. If we don't kill them, they will kill us."

There are no visible party offices in this fringe area, no fighters on the streets. Locals call the resistance fighters "the invisible people" and prefer to talk about the last time Israeli troops entered Arab Selim.

"They took about 300 of us and put us into a large hall," the shopkeeper recalled. "Then they opened the door and showed us how they shot three men dead. One of them was soft in the head. The resistance isn't Amal or Hizbullah. It's people who are against Israel."

If the growing resistance in South Lebanon is a natural build-up, a response to Israel's refusal to leave the south by diplomatic means, it is also beyond a doubt being exploited by outsiders — especially by Tehran, whose emissaries have been travelling through the area, concentrating on youth, firing imaginations and giving examples of Iranian victories in the Gulf War.

Southerners are well aware that the longer Israel and its proxies stay in South Lebanon, the more the young will rally to the fundamentalist banner. It is a prospect the majority dread.

(Observer News Service)



Muslim fundamentalists chant anti-Israel slogans at a memorial service in Maarakeh (92 km. south of Beirut) for two Amal gunmen. (AFP)

War and famine put Khartoum government in a very tough spot

COLIN LEGUM
London

WITH OVER two million people facing starvation in the war-engulfed three southern provinces of Sudan, the newly-elected government of Sadik al-Mahdi faces a critical choice: whether to order an all-out war against the rebel Sudanese People's Liberation Army (SPLA), or risk the possible break-up of Mahdi's coalition government by immediately abolishing the controversial *sharia* (Islamic) laws.

If Mahdi were to follow the latter course, it could produce an immediate cease-fire with the SPLA and thus allow food and relief supplies to flow into southern regions gripped by famine.

But while Mahdi is publicly committed to abolishing the *sharia* laws, he has come up against opposition from some of his partners in the coalition government and from other traditional Muslim centres. Although the prime minister commands the biggest party in the constitutional assembly, his authority is heavily circumscribed by unreliable allies.

As a result he has delayed abrogating the offensive laws until he has had time to draft alternative legislation acceptable to Muslims and not applicable to non-Muslims.

This delay in abrogating the *sharia* laws is unacceptable to SPLA leader Col. John Garang. Garang, in a terse confrontation with Mahdi last month, offered to order a cease-fire and enter into negotiations provided only that the *sharia* laws were immediately scrapped.

The result of the impasse is that the SPLA's war has not only continued but intensified through sieges on two provincial capitals, Juba in Equatoria and Wau in Bahr-el-Ghazal. Those sieges, in turn, have aggravated the famine conditions in the region.

The SPLA's war is now being fought on a weapons, the SPLA now extorted further due to the delay by neighbouring Uganda to close

frontiers, thus preventing the transport of food to starving southerners. Ugandan President Yoweri Museveni made this harsh decision because he believes the Sudanese military has allowed armed opponents of the Ugandan government to stage attacks across the border. This charge is strongly denied by the Khartoum authorities.

The *sharia* laws were imposed on the country by former president Jaafar Numeiri in September 1983. The laws did more than just introduce Numeiri's idiosyncratic version of Koranic punishment (including amputation of limbs for specific crimes), but sought to turn Sudan into an Islamic Republic.

In a country that is 70 per cent Muslim and 30 per cent Christian or animist, the official turn toward Islam was predictably divisive. Numeiri's policy upset not only the predominantly non-Muslim southern peoples but also divided the Muslim northerners, many of whom are secularist in their outlook. But even Islamic political leaders like Mahdi protested at the time that Numeiri's laws were a travesty of true Koranic teaching. In one instance, Mahdi was arrested for staging a public protest against Numeiri's action.

The September laws triggered off the armed struggle by the SPLA. Its declared aim was not only to end the Islamization of the country, but also to end Numeiri's dictatorship and prevent any form of military rule. Although principally supported by southerners, the SPLA declared itself to be a national movement open to all Sudanese who favoured a united, democratic Sudan.

The SPLA immediately won the backing of both Libya and Ethiopia — the former because of Gaddafi's hos-

tility to Numeiri. Ethiopia, meanwhile, saw a future opportunity for applying pressures on Khartoum to halt its support for the Eritrean liberation movement and other opponents of Ethiopia's Marxist regime in exchange for ending its support of the SPLA. The Libyans ended their support for Garang immediately after Numeiri was overthrown, but Ethiopia continued to allow Garang to train his army on Ethiopian soil and to maintain its headquarters near Addis Ababa.

This connection between Ethiopia's Marxist regime and Garang has prompted suspicions that the SPLA is part of a communist conspiracy against Sudan — a charge firmly repudiated by Garang who proclaims himself to be a democratic socialist. Those in close touch with Garang — such as former Sudanese foreign minister Dr. Mansour Khalil (himself a northerner) — remain convinced that the SPLA's ties with Ethiopia are simply "an alliance of convenience" to enable it to wage its armed struggle.

Not all southerners support the SPLA. And anti-Garang elements heavily represented in the constituent assembly — which was elected in recent elections boycotted by the SPLA — are prominent in the Khartoum lobby, favouring an all-out war to destroy the rebel movement.

A keen debate is now taking place in the government and the army over whether to continue negotiations with Garang or to intensify the war.

Recently, however, army leaders and the government have repeatedly declared that the war against the SPLA cannot be won because of its military strength in the south.

Mahdi is therefore trapped between a decision whether to order a full-scale war with only a slender prospect of success, or whether to act decisively by abrogating the *sharia* laws and weather the political consequences of such a decision.

(Third World Reports)

EGYPTIAN former premier Mohammed Hassan Ali talks about his country's relations with Israel in *Negotiators and Belligerents* to be published shortly. Parts of the book have appeared over the past three weeks in the Cairo daily *Al-Ahram*.

In these excerpts Ali recalls a visit to Israel in July 1979, when he was minister of defence. He came for a joint military committee discussion on the Sinai withdrawal and was invited by then defence minister Ezer Weizman to tour the West Bank by helicopter. Ali writes:

"After the tour I said at a press conference that Israel should evacuate the settlements if she is really thinking about peace, because the settlements are considered a provocative act which serves neither the peace nor the security of Israel."

On the same visit Ali visited the late Yigal Allon on his kibbutz near Tiberias, which offered a view of the Golan Heights. Ali had been there as chief of staff in 1961, after Egypt and Syria had formed a union.

"I consider these heights an impregnable shield for Syria in confronting Israel, and when I looked at them from the other side — the Israeli side — I saw them with grief and wonder, for how could such a giant mountain fall into the hands of Israel with such ease?"

At lunch at the kibbutz, Labour Party Leader Allon and Ali talked about the 1973 war.

One of Israel's major mistakes after 1967, Ali said, was that the exultation of victory led it to forget many considerations. Israelis did not understand the Egyptian character, and "then Israel forgot the tendency of the Egyptians to take revenge... and it was impossible for the Egyptians not to avenge the defeat of 1967."

According to Ali, Allon later said to him: "We erred when we established Israel adjacent to Egypt in the area of Palestine. Perhaps it would have been better, were history rewritten, to select another place, in Africa or elsewhere, along the lines of the offers presented to Herzl at the Basel congress."

BEFORE the last phase of the Sinai withdrawal in April 1982, Ali says

Memoirs of Kamal Hassan Ali Of enemies and friends

MURAD AL-IMARI

that Egypt offered then defence minister Ariel Sharon \$50 million for Egypt to receive Yamit intact.

Such a step would be "in conformity with the spirit of normalization of relations between the two countries," Ali says he told Sharon at the time. Ali adds:

"But Sharon refused the offer and decided to destroy Yamit on the pretext that he feared there would be attempts by Israeli settlers to return to it after the Israeli withdrawal."

Ali maintains that the settler issue was not the real reason for the rejection of the Egyptian offer.

"The proof of this was that Israel destroyed 24 wells in Yamit, thus demonstrating the real reason behind the rejection, which was to remove any sign of life in this part of Sinai, which was nearest to Israel."

Here Ali compares the behaviour of Weizman to that of Sharon. Weizman, he points out, handed over intact three Israeli military airfields in the Sinai during the part of the withdrawal he supervised. Sharon's action, on the other hand, was reminiscent of the Israeli military withdrawal after the Sinai Campaign. "when it destroyed any sign of civilization over the Sinai."

Weizman "was honest and frank..." and completely fulfilled the Egyptian request to hand over the three Sinai airfields, Ali says. He says that after Sadat heard of the way in which Weizman arranged the handover, he made a speech to the commanders of the Second Army corps, the Sinai sheikhs and foreign correspondents that contained a saying that became famous: "Sinai will never see war after this."

Ali lashes Sharon verbally for various reasons. He accuses him of attempting to erase evidence of the location of border marker 91 in the Taba area, a focus of controversy in the negotiations over the arbitration *compromis*.

"Sharon tried to evade the responsibility for the attempt to remove the

beyond imagination. "Navon, who noticed my irritation, said that peace means peace, but I understood then Sharon's concept as to the future of peace," Ali remarks.

The Egyptian-Israeli talks on autonomy for the territories ceased in June, 1982, following the start of the war in Lebanon.

Ali remarks in his memoir that he warned Sharon against embarking on any "adventure" in Lebanon during a conversation with Sharon and Israeli ambassador Moshe Sasson.

"I was on my way to Ben-Gurion Airport, en route to Egypt, and in the car I was accompanied by the Israeli ambassador, Moshe Sasson, and Sharon surprised me with a question," writes Ali.

"How long could Israel stand with its hands tied in face of PLO threats to Upper Galilee on the frontier with Lebanon?" Sharon asked.

"I immediately understood Sharon's aim, and I saw that it was



Egyptian ex-prime minister Kamal Hassan Ali (Isaiah Karfinski)

border marker from its site through every means, but at last the matter was settled when we discovered the remains," Ali writes.

Ali sees Sharon's attitude towards the peace process as generally suspicious. He recalls a comment Sharon made during a meeting between Ali and then president Yitzhak Navon in connection with the autonomy talks that followed the peace treaty.

Sharon: "Imagine Egypt's foreign minister visiting the Israeli president, in Jerusalem."

Ali: "Why is that a surprise — given the peaceful conditions in which we now are living, it is normal."

Ali recalls Sharon as saying that if the peace continues for 10 years, this will be an achievement; if it continues for 30 years, it will be a miracle; and if it continues for 40 years, then it will be something necessary to warn him," writes Ali. He responded:

"Sharon, the Palestinians have not shot one bullet in 11 months. don't think of carrying out a military action against Lebanon, especially as we have made the first step towards peace."

"Any military escalation would not benefit the future of this peace. Egypt is an Arab state, and it also is the leader of all the Arab states, and will never accept any action of this kind."

Then, Ali says, he warned Sharon: "if you carry out this adventure, it will affect the peace process in the Middle East, and it also won't be a picnic for the Israeli army."

"The adventure will be a failure, and you will simultaneously take a risk, not only with the peace, but with your own political future."

TV hit in Egypt: the story of Joseph

YA'ACOV LAMDAN

IN RECENT weeks, millions of Egyptian television viewers have been tuning into a daily series relating the story of Joseph of the Bible — a figure who has an important place in the history of Egypt as well as the Jewish people.

Joseph is the central character in a monumental production on the history of Egyptian monotheism, authored by the well-known Egyptian screenwriter, Amina A-Sau.

The television series casts Joseph in the most positive light, as the first monotheistic ruler in the history of the Nile River nation, whose prophecies, wisdom and understanding saved the Egyptian nation from famine and made it the destination of pilgrims from neighbouring lands — especially Canaan — who came in search of food.

The running series describes the story of Joseph's journey to Egypt in detail, includes his sale by his brothers to the Ishmaelites for 20 pieces of silver; his trials at the hands of Potiphar's wife and her seduction attempts; his dreams and interpretations; and his moments of grandeur as Pharaoh's vizier.

The Joseph story appears not only in the Torah but in the Koran, under a special chapter entitled "Surat Joseph" which is, in fact, a nearly exact translation of the relevant chapters from Genesis. As a result, Joseph has long been a familiar and well-loved figure for hundreds of millions of Muslims the world over.

Amina A-Sau, who is interviewed following the television series,

points out that the Joseph story is a wonderful dramatic plot containing both elements of parental affection and fraternal envy, craving and seduction, prophecy and fulfilment. Looming in the background is the economic crisis, which is averted thanks to the perception and understanding of the Pharaoh and Joseph.

A-Sau also pinpoints the historical period of Joseph in Egypt, referring to findings that date the ruling pharaoh of that era as Thutmos the Third.

The screenwriter also praises the Egyptian people of Joseph's era, describing how the nation confidently executed the plans of its leaders to sow, reap and store huge quantities of grain during the seven "good years," as insurance against the poor years.

And from that, A-Sau draws a lesson from the Joseph story for today's Egypt, which must struggle to surmount economic problems overshadowing the nation. Undoubtedly, the Joseph series could also interest the Israeli public. And with the reconciliation between Israel and Egypt following progress on the Taba dispute, perhaps it wouldn't be unrealistic to expect that Egyptian television may agree to sell the series to Israel — at least after the film makes the rounds of countries in the Arab world.

Translated by Elaine Ruth Fletcher.

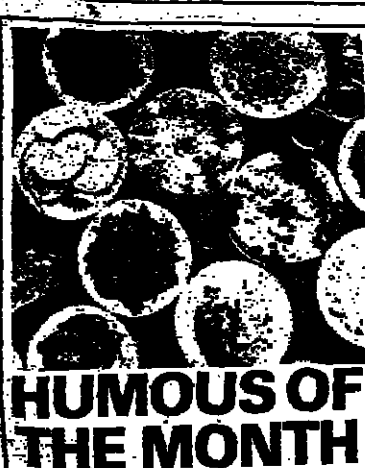
The Middle East page is edited by Yehuda Litani.

THE TABLES are all set up for the crowds that come every weekend, but in midweek, Mifgash Caravan in the village of Abu Ghosh is almost deserted.

In one corner is a group of young locals drinking beer. From time to time self-important-looking men walk in with briefcases to discuss business over a cup of coffee or a soft drink. Others find refuge there from the hectic Tel Aviv highway.

The day the Jerusalem-Tel Aviv highway stopped going through the village was probably a black day for the restaurant, but has made it far more pleasant for the patrons, who can sit and look out over the landscape with hardly a car buzzing by. The panorama at night is just as impressive as that during the day.

The food is acceptable, but not much more than that. The humous is



HUMOUS OF THE MONTH

fresh green olive oil on any of the salads. The problem of assimilation carries over to the mixed grill. Neither the shishlik nor the kebab is made with lamb. For that matter the beef is rather tough. What lamb there is, in the form of chops, is excellent.

It's still a great place to take tourists. There is the Crusader church in the Moslem village, and the enormous statue of Mary rising above Abu Ghosh. There is the history, both from the days when the village would exact its tax on every passing traveller, and from the days of the War of Independence, when the village threw its lot in with the Jews.

The prices aren't dirt cheap, but then they're not exorbitant either. A meal with salads, grilled meat and chips and soft drinks all around came to NIS 77.50 for a family of five.

HAIM SHAPIRO

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The London Stock Exchange enters the world of deregulated, global markets

Reforms begin with a bang

By DAVID HOROVITZ
Jerusalem Post Correspondent
and Agencies

LONDON. - Nobody seems quite sure whether the much anticipated Big Bang is going to be a good thing for the London Stock Exchange and the business community in general.

And though the publicists now herald it as a magnificent market revolution, the fact remains that Big Bang is the result of a rather shady deal concluded back in July 1985 between exchange chairman Sir Nicholas Goodison and then trade secretary Cecil Parkinson.

The exchange had spent £1.5m. in the previous seven years fighting an Office of Fair Trading action against it in the Restrictive Practices Court for price-fixing. So when Parkinson offered to drop the case if the exchange opened its doors to "outsiders," Sir Nicholas was only too happy to accept. Parkinson was quite specific in the reforms he wanted to see, the most far-reaching being the scrapping of fixed commissions on the buying and selling of shares.

Even without pressure from the authorities, the London Stock Exchange probably would have even-

tually abandoned the clubby atmosphere that has characterized it during its 184-year history. The tidal wave of deregulation sweeping world financial markets in the past several years would almost inevitably have taken up the City in its path.

The New York Stock Exchange, for instance, eliminated fixed commissions on transactions way back in 1975, while the Tokyo Stock Exchange - today the world's second largest - has been permitting foreign members to join as of late. The upshot of all this change is to pave the way for a freer flow of capital across borders and the ability to trade on financial markets on a 24-hour-a-day basis. When Hongkong is closed, an investor can make the same trade in London and later New York.

Indeed, British financiers aim to confirm London's place as the third major leg - along with New York and Tokyo - in the global financial market.

Until October 27, Big Bang day, anyone buying or selling has to go through a stock exchange member, all of whom charge the same rate for

their services. When that fixed rate is scrapped, of course, the brokerages will have to compete on the basis of price for the first time. That is likely to trim their profit margins, at least in the short run, especially as the number and financial backing of competitors grow. Which leads to Parkinson's second condition: that outsiders, including foreign securities firms and banks be admitted to the Stock Exchange Council. Only highly-efficient dealing firms, backed by plenty of capital will survive in the heightened competition.

Thus, as in New York, when it underwent deregulation 11 years ago mergers and acquisitions have been the order of the day in London. American Express has acquired the expertise of London Broker L. Messel. Citicorp, meanwhile has spent about \$110m. buying two. Scrimgeour Kemp Gee and Vickers Da Costa. Getting a seat on the Tokyo Stock Exchange thrown into the bargain. Nomura, the giant Japanese securities house, bought a seat on London's exchange.

The third key change involves eliminating the distinction between "jobbers" and "brokers." At present, when an investor wants to buy shares, his stockbroker has to go to the jobber, a kind of middle-man with a pitch on the floor of the exchange. From October 27, there will only be one type of stock exchange member, a broker-dealer, able to buy and sell shares, and deal directly with the public.

Although the restrictions on outside ownership were waived in March, the elimination of the broker-jobber distinction and the abolition of the fixed-commission rule both occur simultaneously on



Trading places: Dealers on the floor of the London Stock Exchange. (AFP)

October 27.

Preparation for the revolution has brought a bonanza of sorts to the City. The international banks that have been setting up London operations and local firms that have been merging to become bigger and tougher competitors, have been hunting down young, talented brokers and analysts. The bait: salaries of \$300,000 and more to the people who have the experience and dash to make it in the post-Big Bang market.

The exchange has spent some \$120m. to fully computerize its dealing, information and settlement procedures. Last Saturday dealers came in for a mock trading session lasting several hours, where they tried out their trading skills on the new computers. During the exercise, each of the exchange's 27 primary dealers, who will be responsible for making prices under the new system, got a

make-believe portfolio and clients. The dealers were bombarded with ersatz economic and business data to simulate real trading conditions. Another rehearsal is scheduled for October 18.

Despite such elaborate preparations, the overwhelming feeling around the 16 hexagonal booths that comprise the exchange floor as Big Bang day draws nearer is one of nervousness. "Nobody really has a clue about what's going to happen," said one broker, chomping a lunchtime sandwich on the steps of the nearby Bank of England building. "We'll be doing a job that looks like it was before, but isn't."

That rather subtle difference might well decide whether he and his company make money or lose it when the new computers start whirling for real on the morning of October 27.

Towards 24-hour trading

By COLIN CHAPMAN

When London's global stock megamarket is set up in the City under the aegis of the London Stock Exchange, it will operate like a free port and will not be subject to the myriad of rules and regulations that apply to purely British investment.

Negotiations between the Stock Exchange and International Securities Regulatory Organization (ISRO), which had been under way for months, were successfully concluded last month. ISRO represents the growing number of dealers and other financial houses that operate in the largely unregulated Euro-bond, Euro-commercial paper and international equity markets where purchases of bonds alone are worth \$300 billion a year.

Although those who trade in this fastest-growing of all businesses in-

cine to the present free-for-all, where transactions take place by telephone or by electronics, there is a growing recognition that some umbrella regulatory organization is necessary if only to provide security to international investors and to speed settlement and documentation across national boundaries. Delays in settlement and the transfer of ownership will become a thing of the past with most trades finalized in a central, electronic clearing house.

London - because of its position in the Greenwich Mean Time zone, its laissez-faire attitudes, and its dominance of international currency and bond markets - was the obvious choice above its two rivals, New York and Tokyo.

John Young, director of policy and markets at the London Stock Exchange, said of the merger be-

tween ISRO and the London Stock Exchange: "We have been working on the detail of this for sometime, and we are pleased to have achieved it."

One of the obstacles was legislation in Britain and many other countries - supported by stock exchange rules - which insists that corporations wishing to raise new capital offer rights issues to existing shareholders before floating them elsewhere. Corporate treasurers see this as inhibiting the prospects of raising equity capital, and many have stepped the rules by using a variety of new instruments.

One common ploy has been to issue warrants, which allow investors to buy a fixed-interest bond convertible into equity at some future date and price. Another is to issue shares in the form of American Depositary Receipts (ADRs), which allows transfer of ownership rights without the actual delivery of these foreign securities.

It is likely that Britain will follow the example of France and change the rules so that companies may tap new sources of investments without having to offer shares in advance to existing shareholders.

As Sir Kenneth Berrill, head of the Securities Investment Board, set up by the government to regulate financial services put it: "There are no prizes for looking after the small investor at the expense of killing off the market for the large professional."

BANKING ON IT / Pinhas Landau

Range of offerings in shekel deposits grows

The trend toward moving money from medium- and long-term deposits to short-term ones shows no sign of slowing down. The public as a whole is withdrawing funds from maturing savings schemes, especially dollar-linked ones, and holding the money in some form of unlinked but high-yielding shekel deposit. In response, the banks are offering a growing range of such deposits.

There is therefore a need, prior to putting one's money into any particular sort of deposit, to make thorough inquiries at several different banks to ascertain what kinds of options are available. The old days of tapas accounts for deposits of a few days and pakam accounts for periods of a few weeks are dead and gone. The vehicles are more sophisticated and the maturity periods can, and perhaps should, be longer.

The most important requirement of investing today is to re-adjust mentally to a world of low numbers. Inflation, for instance, seems to be chugging along at around 15 per cent per annum, while devaluation is more or less zero. In this environment, nominal interest of more than 15 per cent may be regarded as reasonable, while anything more than 20 per cent represents a very respectable "real" return. Difficult though it is for many people to think in these terms, the best investments are those that are not linked, and small numbers can still produce big profits.

The fear of renewed inflation and devaluation is legitimate enough. However, there is a safety mechanism, even in the framework of unlinked shekel deposits, in that these can be renewed quite frequently (monthly, say), and so long as the basic policy of keeping interest rates above the prevailing inflation rate remains in force, the return will still be satisfactory.

This is not fool-proof, however, and the adjustment process may lag the pace of inflation. This alone explains why interest rates are still high, since investors have to be compensated for the risks they take.

Once having overcome all these hurdles, the would-be saver faces another classic risk/reward situation: the choice between higher interest in return for tying up money for a longer period, or a lower return with greater flexibility regarding withdrawals and renewals of the deposit.

Those "hits" of yesterday, the tapas held for a few days, and the pakam for a week or two, still exist, but are no longer of much relevance to the average household saver. Holding NIS 100 in a tapas over the weekend, which was a necessary operation when interest was between 1/2-1 per cent a day, is now a waste of time and money, because the transaction fees swallow up most of the interest. The tendency now is not to bother with small sums that are free for a few days, but to leave them in current accounts.

Longer periods and larger sums require more thought. The basic pakam deposit for a week or two pays rather low interest, although for small amounts of up to NIS 1,000 there is little alternative. Many people, however, are prepared to think in terms of several months. They must consider whether a straight deposit with fixed interest for the whole period suits them best, or whether they prefer a floating rate that is linked to the bank's prime borrowing rate. The latter might be prime less 1/4 per cent for small amounts and prime plus 1/4 per cent for larger amounts, paid monthly and changing as and when the prime rate itself changes. Some schemes, such as those in Hapoalim, offer a built-in "better alternative" that assures the saver the higher of whichever option turns out to have yielded more.

Leumi offers a unique feature, at least for the moment, in that the saver can lock up his money for six or even 12 months, at interest rates of 21 and 26 per cent respectively. Here, the risk is that rates will rise for whatever reason and the saver will make a relative loss. Conversely, if rates fall, he is ahead of the game for the duration of his deposit. Those who believed in stability several months ago when the offer was first made benefited.

The latest move in the quite intense competition in this area, is the introduction of short-term standing-order deposits. Hapoalim offers six-to-nine month schemes for regular amounts of NIS 250 to NIS 1,000 per month, with the whole sum repaid with interest at the end of the saving period. Here, too, Hapoalim offers a fixed/floating rate choice as a built-in feature. Discount has brought out a different kind of standing-order savings scheme in which each deposit runs for one month on either a fixed or floating rate basis, determined by the saver in advance. After each month the money can be withdrawn or rolled over, and thus is always available at fairly short notice. The various deposits do not accumulate but are taken together for the purposes of fixing the rate of interest on each individual deposit - the more money the saver has in toto, the higher the interest he is entitled to on each deposit.

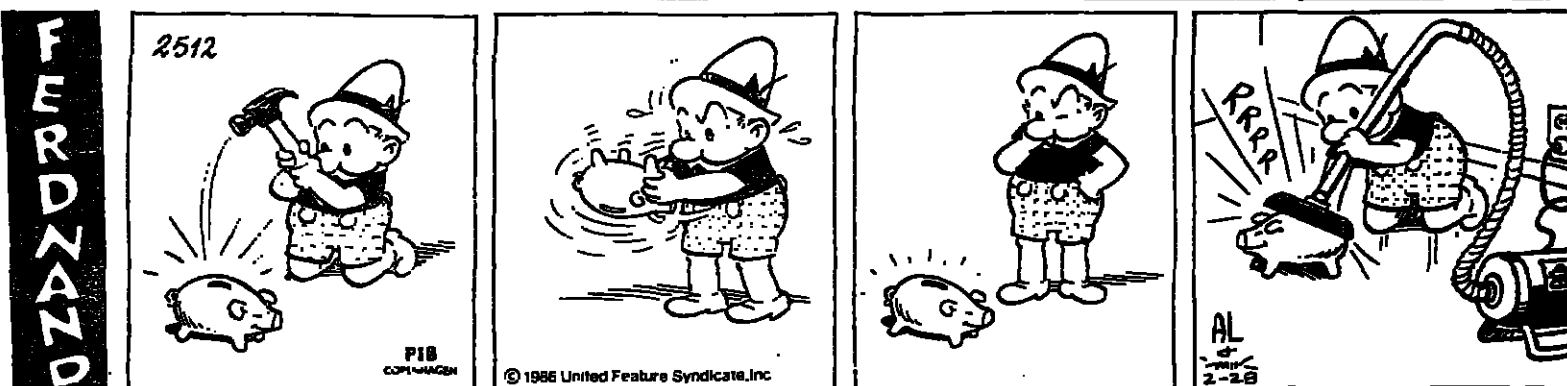
For customers interested in saving for periods longer than a few months, Discount suggests sticking with the tried and tested index-linked savings schemes that offer linkage of capital plus index-linked cumulative interest, and which can be redeemed at one shot at the end of the savings period or be paid month by month as an income stream.

The very latest development in the deposit development business is Hapoalim's scheme to save and spend. In this a person saves for a given period, of months or even a year or two, and then receives - in addition to his capital and interest at the end of the savings period - a loan of an equal amount to the capital saved, at terms rather better than he would otherwise be able to obtain. This is a "campaign" offer that is of limited duration, although if it is successful it will doubtless be repeated or extended in some way.

In general, the banks can be expected to continue to seek new gimmicks and some genuine innovations in the field of unlinked shekel deposits. In this connection, the absence of the First International Bank from this area of competition is somewhat remarkable, given its aggressive record in seeking and winning customer deposits.

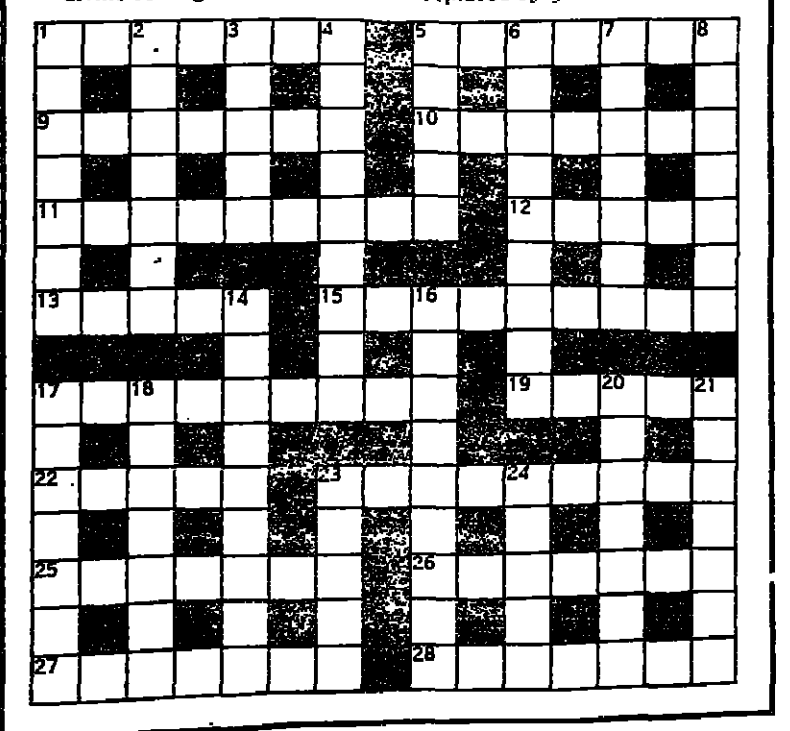


Price monitors: Jobbers and brokers examine the screens that record recent offers at the London Stock Exchange's traded-options stand. (Reuters)



ONE-ON-ONE CROSSWORD

- ACROSS
- First class letter (7)
 - Instrumentalist who can't keep his fingers still (7)
 - For which the particle charge detector gives a non-true reading (7)
 - Nicer as a compound than prussic acid for instance (7)
 - Where guests are always welcome if they don't mind the draughts (4,5)
 - Oil field producer bearing at 0.54E (5)
 - It was turned over to the church (5)
 - Blunt stage direction not left near the footlights (9)
 - Honest thrust which goes straight to point (6,5)
 - Six-footer cartoonist (5)
 - Darkening of the French firmament (5)
 - Catch-phrase heard in Birdcage Walk (6,5)
 - Making dough? Hardly the way to do that! (7)
 - Plucky musician (7)
 - Dead Red is somehow the most feared (7)
 - Come down for scene set in a divine setting (7)
- DOWN
- Keep company - that is how to become a husband or wife (7)
 - Student saint replaced by a pair who are discreet (7)
 - Light superstructure of Statue of Liberty (5)
 - Academy language code spell backwards reveals French dialect (9)
 - Concise evidence to complete the picture (5)
 - Pop party sure created argument (9)
 - Hitting the ground at the top of the stairs (7)
 - Reck (it)ches not simply to be the most affluent (7)
 - The successfully voracious arch-aerobics (5,4)
 - Maybe the main building for a catchment area (9)
 - Like a bad egg going to the South loaded with a job (7)
 - Outsmart one, not fifteen (7)
 - Power worker needs backbone to some degree (7)
 - Dry test becomes dated (7)
 - Some computer RUMS are just like any book (5)
 - Tris plant in which the head is replaced by gold (5)



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Jerusalem '528133 Kiryat Shmona '44334 Nahariya '92333 Netanya '23333 Rehovot '451333 Rishon LeZion 942333 Safed 30333 Tel Aviv '240111 Tiberias '90111

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QUICK CROSSWORD

ACROSS

- 7 Cruelty-voiced
- 8 Physician
- 10 Sea voyage
- 11 Chatter
- 12 Nobleman

DOWN

- 1 Section of book
- 2 Parliamentary report
- 3 Indian state
- 4 Rightly packed
- 5 Book of maps
- 6 Liberated
- 9 Specifically as a type
- 11 Pig's hut
- 13 Sports instructor
- 16 Performing musically
- 19 Separated
- 20 Postpone
- 21 Tremulous pupal

Yesterday's Solution

CATCH WAINDENSES
O O O O O O O O O O
MOPES ROUGHED IT
P O O O O O O O O O
USER SPACE MEAN
T O L R E E
N I T O C O P H E R
G R E A T W E S T H O A D E
O O R R E E
B A S S A S S E T R A N D
P O O O O O O O O O
H E A R T H R U S S H I N E
E R I T S N A
A F T E R M A T H A N G E L

ACROSS: 1 Army, 3 Surprise, 9 Outfit, 10 Riposte, 11 Yak, 13 Tratto, 14 Cruelty, 16 Defend, 18 Alleviate, 20 Tip, 22 Ordered, 23 Debar, 25 Sneeding, 26 Call DOWN: 1 Agony, 2 Vot, 4 Unusual, 5 Pivoting, 6 Invariant, 7 Emerald, 8 Pent, 12 Knowledge, 14 Chumms, 15 Covered, 17 Garden, 19 Folly, 21 Perit, 24 Boa.

WORLD BUSINESS IN BRIEF

U.S. trade deficit narrowed to \$13b. during August

WASHINGTON (Reuters). - The U.S. trade deficit narrowed to \$13.2 billion in August from a monthly record of \$18.04b. in July, the Commerce Department reported yesterday.

At the same time the department said the U.S. index of leading indicators, a key gauge of economic trends, fell 0.2 per cent in August after a 1 per cent rise in July.

The merchandise-trade deficit figure was smaller than had been expected by analysts, many of whom had said that a large deficit would put extreme pressure on the U.S. dollar. The department said that after revisions the July trade deficit was actually nearly \$2b. less than originally estimated at \$16.05b. It was still a monthly record high.

The improvement in the August deficit figure reflected a 13.5 per cent drop in imports to \$30.95b. while exports dropped less than 1 per cent to \$17.6b. Nonetheless, the U.S. is headed for a \$170b. trade deficit this year.

JAPAN'S CURRENT-ACCOUNT surplus was slashed by almost \$1 billion in August, partly because of a record deficit in the long-term capital account and despite another high trade surplus, the Finance Ministry said yesterday in a preliminary report.

The long-term capital account showed a record deficit of \$1.6b. against July's \$1.1b.

The current-account surplus fell to \$7.05b. against the previous month's \$8.03b., which was a record. The trade surplus remained very high at \$8.11b., little short of the all-time high of \$8.66b. achieved in July. The surplus in August 1985 was \$4.38b.

A WORLD BANKING OFFICIAL, girding for negotiations with the world's borrowers, said heavily indebted countries must change their ways if they want new loans.

Meanwhile, officials of the World Bank and the International Monetary Fund (IMF) on Monday urged the commercial banks to loosen their purse strings. The two institutions officially opened their annual session yesterday, bringing financial authorities from 151 nations together at the bargaining table.

Barry E. Sullivan, the new head of the Institute of International Finance, said U.S. Treasury Secretary James A. Baker's proposal on new international lending presupposes adequate policies by borrowing countries.

"Its essence is 'new money for new policies.' It cannot be allowed to become simply 'new money,'" Sullivan said.

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MARKET PLACE

PINHAS LANDAU

Plenty of activity, little change

September was a funny month in most of the markets, including the overseas ones. One might say that it promised many things but didn't deliver. The dollar, for instance, went below the two-Deutschmark level and then refused to tumble further, preferring to hang in there above that nice round number. The precious metals, especially platinum, seemed set to blast off into the stratosphere but in the end remained firmly on earth. Wall Street threatened to collapse but also changed its mind, and the world trade system survived the Gatt conference just as the banking system seems to be surviving the IMF World Bank jamboree. At the end of the month, the world is much the same as it was, the statistics and analyses are still confusing and the markets, while volatile, are still in action.

The local markets offered some of the same patterns. Shares seemed to be set to rise, but didn't, the economic statistics were at least as inconsistent as those from the U.S., ministers and top officials came and went with amazing frequency, but nothing seems very different to what it was one month ago, except the weather. Nevertheless, things did happen, and some attempt has to be made to write some sense out of them. Bond prices, for instance, rose slightly, although no more than they should have if the inflation forecasts of around 1.5 per cent a month hold good. Share prices, as measured by the non-bank index, fell fractionally, and the surge in trading volume dipped noticeably in the course of the month, so that it seems fair to suggest that interest in the market is on the wane.

But within these generalities lie important variations. The most important, probably, occurred this week, when the bank shares covered by the "arrangement" reversed their slide and bounced off a yield level of around 17 per cent per annum in dollar terms. The boost was provided by intervention by the Bank of Israel in the market, at a cost of a few hundred thousand dollars, and a statement from the Treasury, saying that the central bank would henceforth buy in these shares. That means it will make an early redemption of the quasi-bonds, and as when it feels like it, as the government has spare cash on its hands. This apparently non-committal commitment was enough to restore some sanity to the market.

The rises of the last three days formed the bulk of the 3 per cent gain over the month that this share group achieved. The chances of seeing 17 per cent yield again appear slim, but not negligible. As one expert pointed out, it would only require one wild statement from a minister or someone like that to smash the gradually growing credibility and cause a renewed run on the bank shares, government promise or not. Barring such dramatic developments, the shares could move irregularly higher.

In any event, the changed atmosphere induced by the announcement had an immediate effect on the bond market as a whole — which was part of its intention. The Bank of Israel managed to sell new index-linked bond issues this week that it had failed to sell at the same or even better terms, earlier in the month. Why people have to be enticed into five-year issues offering 6 per cent real returns is something of a mystery, unless they are genuinely dubious of the government's ability to repay in due course. However, these are the facts.

In the "free" share market, the volatility was great. Oil-exploration shares were by far the best performing group, boasting a 12 per cent rise, although — as need hardly be added — no oil was smelt outside of gas stations. Far more logical was the 7 per cent gain in the insurance sector, which was underpinned by strong half-yearly profits, especially from Phoenix Insurance Co. By contrast, the 6.3 per cent rise in industrial investment, a group dominated by Koor Ltd. and Clal Industries, is far less exciting.

Two former high fliers, the real estate and mortgage bank groups, lost 3.3 and 3.5 per cent apiece, as did the electronics sector, which continues to be by far the worst performer for the year to date, with a nominal loss of 15 per cent. Recent results from Elscint Ltd., ECI Ltd., Scitex Ltd. and others provide ample rationale for this, at least.

Metals, on the other hand, were very strong, showing their first consistent surge this year. Textiles ran out of steam, despite strong earnings gains from Delta Industries Ltd. and others — presumably these had long since been discounted. Despite the slowdown, and because of the weakness in real estate shares, the textile sub-sector took the prize for the strongest nine-month gain, its 38.48 per cent rise since January just pipping real estate's 37.34 per cent.

Finally, investment companies were up only 1 per cent on the month, and their year-to-date rise is slightly less than that of the non-bank index. In light of the strong showing of Clal (Israel's) half-yearly figures, announced yesterday, and of other components such as Hapoalim Investments, it may be that the coming months will see this sector become, as of old, the market leader.

First phase of fleet overhaul

El Al to purchase two 757s for \$75m.

By MICHAEL YUDELMAN
Jerusalem Post Reporter
TEL AVIV. — El Al will exercise an option to buy two Boeing 757 aircraft at a cost of \$75 million, airline spokesman Nahman Kleiman said yesterday.

The purchase of the two aircraft, scheduled to be delivered in November and December 1987, complete the first phase of the airline's fleet-overhaul programme.

The \$1.5 billion programme, to be carried out over the next 15 years, entails enlarging the airline's fleet to accommodate an estimated 5 per cent annual growth in tourism to Israel and replacing the airline's eight Boeing 747 jets. These aircraft, each seating 470, will be 25 years old 15 years hence.

The two twin-engine 757-300s aircraft, ordered from Seattle-based Boeing Commercial Aircraft Co., seat 191 passengers in their business and tourist classes. They are the latest in advanced technology for intermediate flights, with engines

manufactured by Rolls-Royce of Britain.

Several other medium-range jets were considered, including the McDonnell-Douglas MD-80, the Boeing 767 and a new version of the Boeing 737, the 737-300. The airline apparently never seriously considered the Airbus Industries A310.

The two jets will replace El Al's Boeing 707s, which will have to be retired by January 1988 due to new noise regulations in Western Europe. The remaining jets in the El Al fleet flying routes to Europe will get "hush kits" to lower their engine noise in keeping with the new regulations. The hush kits cost \$2.5m. each.

The fleet-overhaul programme, formulated by an internal committee appointed by El Al management, has been approved by the airline's court-appointed receiver and the Finance and Transport ministries.

The government also must approve the programme's financing if a government guarantee is required for it.

Avocado sales expected to be strong

By YITZHAK OKED
Jerusalem Post Reporter
ACRE. — Israel expects to harvest a record avocado crop of more than 110,000 tons in the current season, with about 85,000 tons going for export.

Last year's crop was about 60,000 of which about 52,000 tons was exported, Ezra Meir, director-general of the Fruit Production and Marketing Board told a press tour here. The harvest is being boosted so dramatically by extending the avocado season, which began last month, by about two months till the end of June.

The three leading varieties of avocado in the country today are Fuerte, which makes up 45 per cent of the crop, Haas, 30 per cent and Ettinger, 20 per cent. Avocados are now being sold in supermarkets and stores at what Meir termed start-of-season prices of NIS 2.65 per kilo.

Meir said that as part of the board's continuing efforts to find new uses for the fruit, avocado oil will soon begin to make its debut on supermarket shelves.

Meir also revealed that the avocado growers had recently acquired complete control of the Hilon Agricultural Produce Co. Several years ago the farmers had formed a corporation to buy a 50 per cent stake in the company and had now bought the remaining 50 per cent, he said. Hilon exports about 17 per cent of all the avocado.

The farmers are now negotiating with Agrexco, the agricultural produce export company that exports the remaining 83 per cent of the avocado crop, to operate Hilon's overseas office.

GORBACHEV

(Continued from Page One)

Shultz said he thought there were reasonable prospects of a U.S.-Soviet deal on intermediate-range nuclear missile forces in Europe and Asia.

He added that Washington still insisted that 25 members of the Soviet mission to the UN leave the U.S., but was willing to discuss Moscow's objections to some of the names on the list — all of them said to be suspected spies.

He said the question would be addressed in Iceland.

There was no explanation of why Iceland was chosen. Reagan merely said both superpowers appreciated the willingness of the Icelandic government to make the meeting possible.

Moscow diplomats said they believed the Soviet release of Orlov as well as Daniloff would make it easier for Reagan to argue with far-right critics that he had gained more from Gorbachev than he had given with the release of Zakharov. That might make it easier for him to agree to the Gorbachev plan.

Western arms control specialists and several leading Western politicians have identified U.S. and Soviet medium-range missiles as the most promising area for progress.

A Soviet Foreign Ministry spokesman, Boris Pyadyshev, concurred last week that intermediate-range missiles were the most likely subject for an accord. "Here we see possibilities of reaching agreement," he said.

Moscow has suggested an interim accord under which each side would keep 100 warheads in Europe, and also appears to have dropped its earlier position that British and French nuclear forces be included in the equation.

The West estimates the Soviet Union has 270 SS-20 missiles, with 810 warheads, aimed at Western Europe. NATO has 108 Pershing missiles in West Germany and 128 cruise missiles in Britain, Italy and Belgium and plans to deploy more cruise missiles in the Netherlands by 1988.

Diplomats said hard negotiations lay ahead before an accord on medium-range missiles could be signed, pinpointing the issues of verification, short-range Soviet rockets and the overall European and Asian balance of forces.

But they said progress on these issues looked more likely than on other areas of arms control, particularly space weapons.

IAI lures parts makers with exhibit

By JONATHAN KARP
For the Jerusalem Post
Israel Aircraft Industries Ltd. yesterday wound up a two day exhibit of parts and components that could generate \$300 million a year in business that had been set up in an effort to find Israeli manufacturers for sub-contracting work.

"We want to encourage small factories to produce these parts. That is the aim of the exhibit," Defence Minister Yitzhak Rabin said yesterday during a tour of IAI's Metz Helicopter plant at Jerusalem's Atarot Airport, where the exhibit was held.

IAI officials said they believed some of 280 companies that sent representatives to the exhibit would be able to manufacture the components more cheaply than IAI could itself.

"It's the first exhibit like this," said Yitzhak Ben-Zvi, deputy director-general of IAI. "We want to make the right contacts — first on the technological level and then on the business level."

The exhibit also brought IAI together with manufacturers of whom it previously had no knowledge. "We found a few companies that export products which the IAI could use, yet we didn't even know about one another," one IAI official said. "The question now is whether the quality of the product is high enough."

Most of the parts were developed by the IAI for the Lavi fighter, and though the plane still faces opposition in the U.S. Defence Department, both Rabin and IAI officials expressed confidence that it would be produced.

"We believe the Lavi will be flying," said Arye Ostrowski, IAI executive vice president. "If the production schedule goes as planned we may even be able to increase the \$300 million sub-contracting work to \$400m."

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

| | |
|---------------------|---------------|
| General Share Index | 116.87 +0.63% |
| Non-Bank Index | 148.53 -0.37% |
| Arrangement | 104.24 +1.22% |
| Insurance | 171.51 -0.77% |
| Commerce, Services | 181.59 -0.28% |
| Real Estate | 187.34 -0.71% |
| Industrial | 181.19 -0.16% |
| Textiles | 183.49 -0.84% |
| Metals | 137.74 — |
| Electronics | 84.96 — |
| Chemicals | 133.46 -0.03% |
| Industrial Invest. | 118.41 -1.28% |
| Investment Cos. | 143.60 -0.57% |
| General Bond Index | 109.98 +0.08% |
| Index-linked Bonds | 108.30 +0.10% |
| Fully-linked | 113.19 -0.25% |
| Partially-linked | 108.82 — |
| Dollar-linked Bonds | 108.30 +0.10% |
| Short-term 0-2 yrs | 108.30 -1.33% |
| Medium-term 2-5 yrs | 108.30 -1.18% |
| Long-term 5+ yrs | 105.22 +0.28% |

Turnovers:

| | |
|----------------|---------------|
| Shares — total | NIS11,000,200 |
| Arrangement | NIS5,087,400 |
| Non-Bank | NIS5,922,800 |
| Banks — total | NIS5,597,000 |
| Index-linked | NIS1,705,900 |
| Dollar-linked | NIS1,193,800 |
| Treasury Bills | — |

Share Movements:

| | |
|--------------|-----------|
| Advances | 131 (105) |
| Declines | 15 (28) |
| of which 5%+ | 2 (4) |
| of which 1%+ | 133 (98) |
| of which 5%+ | 18 (16) |
| of which 1%+ | 3 (10) |
| Unchanged | 95 (91) |
| Trading Halt | 55 (62) |

Bond Market Trends:

| | |
|-----------------|-------------|
| Index-linked | Rises to 1% |
| 3% fully-linked | Rises to 1% |

4.25% fully-linked

| | |
|---------------|--------------------|
| 80% linked | Mixed/rises to 1% |
| Double-linked | Stabilises to 0.5% |
| Dollar-linked | Mixed |

Arrangement yields:

| | |
|--------------|--------|
| IDB ord. | 15.84% |
| Union 0.1 | 15.86% |
| Discount A | 15.24% |
| Mizrahi r. | 16.02% |
| Hapoalim r. | 15.80% |
| General A | 15.92% |
| Leumi stock | 15.58 |
| Fin. Trade 1 | 15.36% |

Mixed/rises to 1%

| | |
|--------------------|----------------|
| Stabilises to 0.5% | Mixed |
| Rises slightly | Rises slightly |

Mixed/rises to 3%

| | |
|--------------|---|
| 18.35-19.25% | — |
|--------------|---|

Selected Price Quotations

| | | | |
|--------------|-------|------|-------|
| Meir Exra | 7316 | 1802 | +10.0 |
| Supersol 2 | 5825 | 902 | +0.1 |
| Deltek r. | 3140 | 1478 | -1.3 |
| Lightage | 14370 | 36 | — |
| Cold Storage | 1897 | 235 | +0.4 |
| Dan Hotels | 1720 | 50 | +0.4 |
| Yarden Hotel | 2820 | 466 | -2.7 |
| Hilton 1 | 2220 | 67 | — |
| Taan 1 | 1737 | 54 | -8.4 |

Commercial Banks

| | | | |
|-----------------------------|-------|------|------|
| (not part of "arrangement") | — | — | — |
| Maritime | 1045 | 985 | — |
| General non-arr. | 21900 | 9 | — |
| First Int'l | 3455 | 1671 | +0.4 |
| FBI | 4100 | 1380 | — |

Commercial Banks

| | | | |
|-------------------------|--------|------|------|
| (part of "arrangement") | — | — | — |
| IDB | 79450 | 1110 | +1.3 |
| Union 0.1 | 89100 | 388 | +1.2 |
| Discount | 100700 | 887 | +0.7 |
| Mizrahi | 32800 | 765 | +0.8 |
| Hapoalim | 54020 | 1831 | +1.2 |
| General A | 137750 | 139 | +1.4 |
| Leumi 0.1 | 34400 | 3074 | +1.5 |
| Fin. Trade | 45800 | 50 | +2.5 |

Mortgage Banks

| | | | |
|----------------|-------|------|------|
| Leumi Mort. r. | 4850 | 89 | -0.6 |
| Fin. Mort. | 1985 | 1715 | +2.3 |
| Mizrahi r. | 2280 | 276 | +0.5 |
| Tefahot r. | 13008 | 22 | — |
| Marav r. | 5220 | 275 | -3.3 |

Financial Institutions

| | | | |
|------------------|-------|--------|------|
| Aginc C. | 61215 | b.o.l. | +5.0 |
| Ind. Dev. DD | 7198 | — | — |
| Clal Lending 0.1 | 18000 | 51 | -5.0 |

Insurance

| | | | |
|---------------|------|--------|------|
| Ararat 0.1 r. | 1102 | s.o.l. | -5.0 |
| Haasneh r. | 225 | 22500 | — |
| Phoenix 0.1 | 947 | 3537 | -0.4 |
| Hamishmar | 7300 | 192 | +1.4 |
| Menorah 1 | 2059 | 29 | -6.4 |
| Sahar r. | 5480 | 601 | -0.4 |
| Zion Hold. 1 | 9100 | — | — |

Trade & Services

| | | | |
|--------------|-------|------|-------|
| Meir Exra | 7316 | 1802 | +10.0 |
| Supersol 2 | 5825 | 902 | +0.1 |
| Deltek r. | 3140 | 1478 | -1.3 |
| Lightage | 14370 | 36 | — |
| Cold Storage | 1897 | 235 | +0.4 |
| Dan Hotels | 1720 | 50 | +0.4 |
| Yarden Hotel | 2820 | 466 | -2.7 |
| Hilton 1 | 2220 | 67 | — |
| Taan 1 | 1737 | 54 | -8.4 |

Real Estate, Building and Agriculture

| | | | |
|---------------|------------|------|------|
| Azoric | 690 | 5455 | -1.1 |
| Elion | no trading | — | — |
| Elion r. 0.1 | 34700 | 38 | +0.3 |
| Dan r. | 530 | 87 | -7.7 |
| Prop. & Bldg. | 2570 | 2773 | -1.2 |
| Baydell 0.1 | 2840 | 209 | -5.0 |
| ILDC r. | 50400 | 143 | +0.8 |
| Rasor | no trading | — | — |
| Mehadrin | 7482 | 348 | -2.2 |
| Hedrarim | 1189 | 577 | -3.8 |

Industrials

| | | | |
|--------------|------------|------|------|
| Dubak b. | 1332 | 629 | — |
| Priz-2a | 9350 | 300 | +4.9 |
| Elite | 16000 | 520 | +0.5 |
| Adger | 1358 | 504 | -2.3 |
| Argaman r. | 15500 | 8 | — |
| Delta G 1 | 2855 | 1020 | -1.2 |
| Maquette 1 | 3548 | 609 | -1.4 |
| Epig 1 | no trading | — | — |
| Polign | no trading | — | — |
| Schoellaria | 15140 | 63 | -0.1 |
| Rogosh | 2880 | 159 | +2.1 |
| Union 0.1 r. | 7855 | 169 | -0.1 |
| U. Can Co. 1 | 2240 | 2464 | -2.1 |
| Zion Cable | 2271 | 489 | — |
| Poker Steel | 12620 | 103 | -2.2 |
| Elbit | 356000 | 21 | +1.9 |



Eli Cohen (Elihu Harari) Raphael Recanat (Andre Brubman)

Last day on the job for top Bank Hapoalim brass

By PINHAS LANDAU
Post Finance Reporter

Yesterday marked the last day in their old jobs for Eli Cohen, Leon and Udi Recanat and Raphael Molcho, who announced in July that they would resign from the senior management team of Israel Discount Bank as of October 1.

Raphael Recanat, the former chairman and general manager of the bank, resigned his positions in July after the government voted to support Bank of Israel Governor Michael Bruno's efforts to dismiss him in the wake of the Bejski Commission report.

Raphael Recanat, however, will continue to serve as chairman of Discount's parent, IDB Bankholding Corp. His son Leon and nephew Udi, as well as Cohen, have been appointed joint general-managers of IDB. Raphael Molcho, a member of one of the families that founded Discount in 1935, has reached retirement age and is leaving active management of the bank, although he

will remain a board member both at Discount and at other IDB-group companies.

Discount's senior management has now been reorganized and the main executive responsibilities been divided between 11 men, who will report to the new chief executive officer, Gideon Lahav, and the new chairman, Joseph Clechovover, who took over Raphael Recanat's posts after his resignation.

Yitzhak Bar-Yitzhak will be in charge of the international division and foreign-trade operations, replacing Udi Recanat. Haim Cohen will be head of the branch-management division, replacing Leon Recanat, while Lahav's previous post in control of credit and lending will be in the hands of Avram Asheri.

The securities department, also previously under Udi Recanat, will be added to the responsibilities of Yossi Cohen, who is in charge of construction, maintenance and management of the bank's physical assets.

BUSINESS BRIEFS

Visa holders will be able to get cash abroad

VISA CARDS issued to Leumi and Discount banking groups' customers will now enable holders to draw cash from automated-teller machines (ATMs) and cash dispensers abroad, Israel Credit Cards Ltd. said yesterday.

ICC, which issues the cards for the banks, said it had joined the Visa network for this service, as well as the usual uses of Visa cards for purchases of goods and services. Israeli Visa-card holders will be able to obtain local currency at 10,000 ATM outlets in the U.S., Britain, France, Spain, Italy, Sweden and Norway in Europe, as well as South Africa, Japan, Hongkong and Australia.

Most of these countries will permit tourists using Visa to draw the equivalent of a minimum of \$200. Cardholders will use their usual personal identification number when inserting their cards into the foreign machine.

THE PANORAMA PROJECT, one of the largest commercial centres in the north, was inaugurated here yesterday afternoon, with Prime Minister Peres and Haifa Mayor Arye Guril in attendance.

The \$40 million project on Mount Carmel opposite Gan-Haem garden covers 62,000 square metres and includes a 270-room hotel, 25 modern stores and shops and a building with 30 flats. Construction, financed by the Federman family and Solei Boneh Ltd., took four years.

At a press conference held here yesterday, the representatives of the Panorama project said that so far 50 out of the 80 flats had been sold.

REGULAR FLIGHTS TO CYPRUS, begin with today's inauguration of a new charter line operated by Issta Lines.

Operating 21-seat Banda airplanes belonging to the Shahaf Airline, Issta will have three weekly flights to Paphos, in the south-west of the island, from Sde Dov at Tel Aviv and Haifa, until December 31. Issta General Manager Udi Yashiv said at a press conference yesterday.

Some 2,000 tourists reach Israel on ships from Cyprus every week and Issta hopes to corner some of the market with its new flights, as well as meeting the high demand of Israelis wishing to visit Cyprus, Yashiv said.

OCCUPANCY RATES at five-star hotels in Jerusalem soared last week, as UJA missions filled the capital. The Laromme Hotel hosted 346 UJA people, the Sheraton Plaza 214, the King Solomon 135, the King David 122, the Ramada Renaissance 201 and the Hilton 277.

FINANCIAL DATA: ISRAEL, EUROPE, U.S.

ISRAEL MONEY MARKETS

| SHEKEL INTEREST RATES | | | | |
|---------------------------------------|--------------|----------|--------------------------|-----------|
| PRIME BORROWING RATE: 1.25% per month | | | | |
| Unlinked Deposit (Annual Rates) | | | | |
| | Last Updated | Yapac | Pakam 7-Day Pakam 30-Day | |
| LEUMI | 30.9 | 7-15.00% | 8-15.75% | 8-18.00% |
| HAPAOALIM | 25.9 | 8-15% | 10-15.75% | 12-14.50% |
| DISCOUNT | 21.9 | 8-17% | 8-17% | 8-17.50% |
| MIZRAHI | 8.5 | 6-15% | 6-15% | 6-17% |

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Shamir's tired old game

A SOVIET-STYLE international conference on the Middle East is acceptable neither to Israel nor the U.S. The obvious reason is that the purpose of such a conference would be not to encourage direct bilateral talks between Israel and its neighbors but to prevent them, setting the five permanent members of the Security Council up as arbiters of the region's peace. In fact, such a conference would allow the Soviet Union to interpose its veto on any likely agreement between the parties directly concerned that might not be to the Kremlin's taste.

Such a "peace" conference would, in short, only contribute to the perpetuation of present conflicts and animosities in the Middle East. That may be in the Soviet interest, but it is not in the interest of Israel or of the U.S.

But there's the rub. Hashemite Jordan, without whose participation there can be no settlement of the Palestinian problem which lies at the core of the Arab-Israeli dispute, insists that it cannot go alone into peace talks with Israel. Pusillanimous as this attitude may be, it is not merely capricious. Separate peace negotiations - let alone a separate peace - between Jordan and Israel, would be deemed as treason to the Arab cause by the Arab rejectionists, notably by Jordan's next-door neighbor Syria and by the PLO, with possibly dire consequences for the Hashemite regime.

King Hussein has, therefore, been plumping for an international conference as the framework for peace talks.

How is the dilemma to be solved? Perhaps it cannot be, but the attempt should certainly be made. Premier Shimon Peres has come up with the idea of an international conference as an "accompaniment" - or an "umbrella" for - direct peace talks, which President Mubarak endorsed on at least one occasion since Alexandria.

The Soviets would be invited to attend the conference, along with the other "big powers," but as sympathetic observers, not as decision-makers. They could join negotiations at the behest of the parties, but they could not intrude into the negotiating process when not wanted. Moreover, the invitation to the Soviets would only be extended after they have re-established their diplomatic relations with Israel and taken action to allow a resumed exodus of Jews to this country.

It is not very likely that the Soviets will assume sponsorship of a conference they will not be able to control, and under the conditions laid down by Mr. Peres. But a Soviet refusal need not invalidate the reasonableness of the premier's Knesset-approved idea.

During his visit to Washington two weeks ago, Mr. Peres reached a full meeting of minds on this basis with Secretary of State George Shultz, who is anything but anxious to let the Soviets meddle in Middle Eastern affairs.

On Monday Mr. Shultz was met in New York by Foreign Minister Yitzhak Shamir, who had come there for the UN General Assembly.

The country's premier-to-be informed the secretary of state that an international conference on the region's peace was "totally unacceptable" to him. Mr. Shultz made no response. He may have recalled that his Israeli opposite number is known to be opposed to any disturbance in the status quo that might result in Israeli concessions, even for peace.

When the meeting broke up, a spokesman for Mr. Shamir informed reporters that Mr. Shultz had agreed with the foreign minister in rejecting any kind of international conference. This falsehood was later disavowed by another member of Mr. Shamir's entourage, apparently after a State Department spokesman would not confirm it. But it was already too late for yesterday morning's newspapers.

An attempt will probably be made to pass off this misrepresentation as a misunderstanding. But there is no misunderstanding the implication that Mr. Shamir intends - even while denying that he intends - to subvert, once he is installed as premier, Mr. Peres's achievement in forging a common front with the U.S. on ways of keeping up a movement towards Middle Eastern peace.

No point in half-measures

FINANCE MINISTER Moshe Nissim has returned from his foreign travels into the cauldron of the nurses' dispute. Before he left Washington, however, Mr. Nissim took care to send the message ahead of him, through the Israeli press corps in the U.S. capital, that there would be no significant tax reforms in Israel any time soon.

The capital market reforms that are being worked on in the Bank of Israel and that he himself outlined before he left, will go ahead, and the privatization programme that the government is becoming increasingly enthusiastic about seems to be expanding in scope from week to week. But tax reform, whether for the corporate or personal sector, is not on the Treasury's immediate agenda.

This is more than merely disappointing. Mr. Nissim is personally aware of the desperate need for tax reform in this most over-taxed of all economies. He hears it at home from economists, industrialists and the Chambers of Commerce, and he heard it in Washington from Secretary of State George Shultz and his advisers. He was on hand when the House of Representatives and then the Senate overwhelmingly approved the most sweeping tax reform in the U.S. since World War II, if not ever.

Unusually, for an Israeli politician, Mr. Nissim actually believes in the arguments in favour of fundamental reforms, as well as appreciating the political attractions of taking on the mantle of the man who cut the voters' tax burden. Finally, he knows perfectly well that there is no economic logic in proceeding with the mooted reform of the capital market unless there is an accompanying, and preferably simultaneous, reform of the tax system.

Despite all this, the Finance Minister has apparently been persuaded by the conservatism of his Treasury advisers to shrink away from the unavoidable task of removing the jungle of special interest tax breaks and exemptions and from making it worth people's while to work and invest in this country. This timidity will do neither Mr. Nissim nor anyone else any good, least of all when he seeks to cut the government's spending in next year's budget. Unless he can persuade his cabinet colleagues that they must spend less in order to finance tax cuts, he is unlikely to be able to break their ministries' natural resistance to having their wings clipped.

Even if further American aid would ensure that the nominal stability of the economy could be maintained for the foreseeable future - and there is no such guarantee - the absence of tax reform itself ensures the continuation of stagnation, if not worse. Mr. Nissim should, therefore, follow his own convictions and ignore those of his advisers, rather than the opposite.

DRIVE CAREFULLY

Israel's Soviet interest

ASHER MANIV

THE public debate about the proposed international conference on peace in the Middle East seems strangely out of focus. A good case could be made against such a conference, but by arguments quite different from those put forward by Likud and other right-wingers. On the other hand, the way that the idea of a conference was defended sometimes by Prime Minister Peres and other Labour spokesmen could only cast serious doubts on their real intentions.

To declare that the prime minister's acceptance of the conference was no more than a tactical move is self-defeating. For if there is a tactical advantage to such a move, it is surely cancelled out by declaring that agreement to a conference is merely tactical. To support the idea because you are certain that the Soviet Union could not accept Israel's conditions makes you appear as merely dishonest.

And to depend on the Americans to save you from your own daring may be fairly realistic under the circumstances, but not necessarily in the best interests of Israel. For the U.S. government, though undoubtedly wanting a peaceful settlement of the conflict, can afford to temporarily stop any progress in the peace process, if this suits its present global policy. But peace is a vital Israeli interest.

The most valid argument for an international conference goes far beyond tactics. It is simply that in the long run, there is no possibility for a peace settlement without the Soviet Union, or in opposition to it. Whether we like it or not - and most of us apparently do not - a realistic statesman must take Soviet participation into account.

Strangely enough, this argument was almost not heard at all during the recent debate. Defence Minister Yitzhak Rabin even emphasized that if the USSR would have been involved, we would never have

achieved peace with Egypt. That is quite true - as far as it goes. But to apply it to the present situation is thinking like those famous generals who always prepare for the last war.

If Jordan could be persuaded to come to the negotiating table alone, it would certainly be preferable for Israel to keep the Soviets out. But so far, there is not the slightest sign that King Hussein is willing to change his mind on that point.

Paradoxically, perhaps the only possible Arab partner who could afford to negotiate without direct Soviet support is the PLO. But PLO participation is even more objectionable as far as our policy-makers are concerned.

IT HAS often been said that if the Arab countries want war, they turn to the Soviet Union; but if they want peace, they know that only the Americans can deliver the goods. And indeed, the Soviets may not have the power to make peace, but they certainly do have the power to prevent it being made without them.

All they would have to do, for instance, would be to make one of their clients in the region (i.e. Syria) instigate some border incidents, a serious air battle or even only local but threatening-looking skirmishes. It would then become extremely difficult, if not impossible, for any other Arab country to continue negotiations with Israel while their "Arab brethren" are valiantly defending themselves against Zionist aggression. It is a scenario that the Soviets would not hesitate to use if they believed their vital interests to be at stake.

The Soviets have made it clear time and time again that they consider the region to be of such interest to them. This is certainly understandable as it is situated practically on

their border. Regardless of whether the Americans see us as only pawns in their global game, or, thanks to common traditions and ideals, as much more than that, they can perhaps afford to disregard Soviet interests. We cannot - at least, not in the long run.

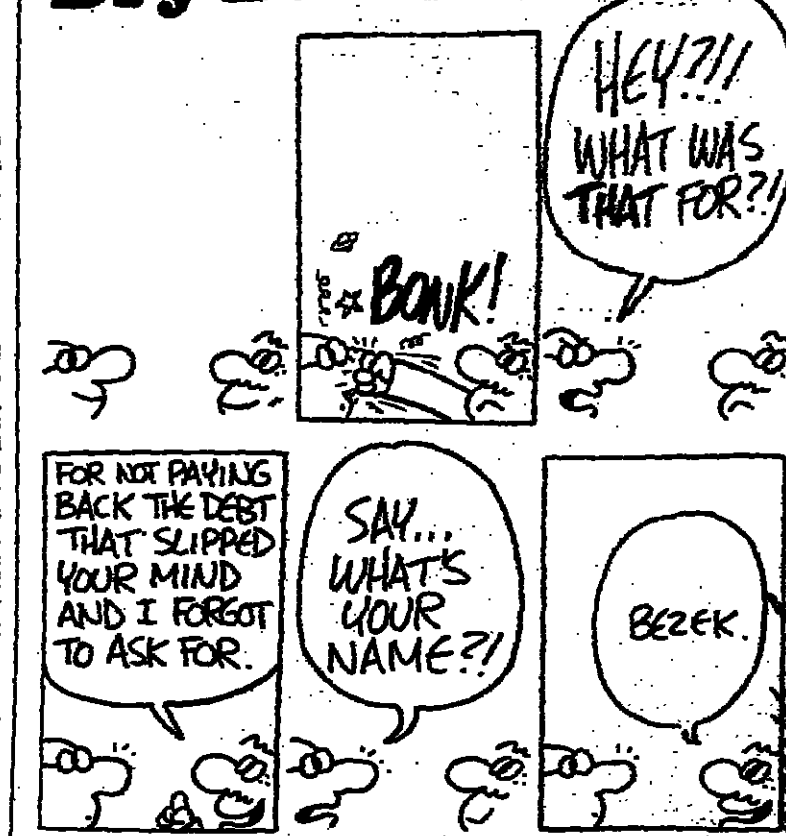
NOTHING is more amazing than the apparent eagerness of certain Israelis not only to become involved ourselves in the global conflict but to push the Americans into becoming more militant Cold Warriors. It is not for us to judge President Ronald Reagan's moves to re-open the Cold War - although millions all over the world relentlessly criticize this move. But there can be no doubt that from an Israeli point of view, we must do everything in our limited power to bolster détente, both for the sake of peace in the Middle East and for the sake of Soviet Jews.

In spite of everything that has been said on the subject, aliyah from the Soviet Union will come neither as a result of militant demonstrations and anti-Soviet attacks nor of "secret diplomacy": aliyah will be allowed as part of détente. The great wave of aliyah from the USSR started in the early Seventies, together with détente, and was stopped when super-power relations deteriorated. Incidentally, the same is true for human rights in the Soviet Union, including the treatment of Jews.

On no count can Israel, therefore, be interested in keeping the Soviets out permanently. We certainly may, and indeed must, set conditions for a so-far hostile power to become involved in our affairs, but the whole line of argument opposing an international conference mainly on the grounds of Soviet participation, smacks of short-sightedness and lack of statesmanship.

THE real danger of an international conference lies in quite a different field - one never mentioned by right-

Dry Bones



wing opposition. It is that when all Arab representatives appear together, it is usually the most extreme, anti-compromise, anti-peace forces which call the tune (as witnessed in Arab summit conferences). It is therefore rather doubtful that in such a situation, peace can be achieved.

That does not perhaps bother Yitzhak Shamir and his colleagues very much, but it should be of great concern to Peres and his colleagues. To a certain extent, this may be circumvented by bilateral negotiations on a geographical basis. However, even then, there will always be the temptation for Arab negotiators to look to their most extremist fellows in other sub-

conferences, lest they be accused of "betraying the cause."

Actually, if we really want peace, there is only one way out of this dilemma: To grab the bull by its horns - to come to terms first with the Palestinians, even if, for a start, only on limited issues, such as mutual and simultaneous recognition. No other Arab country would have the right to be more Palestinian than the Palestinians themselves.

Obviously, that course is full of hurdles and obstacles, but it is still the best chance for compromise becoming possible on both sides. However, that must be left for separate consideration.

The writer is a fellow of Yad Tabenkin, the research institute of the United Kibbutz Movement.

The confederation option

ARYE HESS

own economic, political and social institutions, including government and parliament. Its citizens will have 'Palestinian identification cards and passports. But it will not possess an army; Israel and Jordan will guarantee its security. On the regional level the borders between the three parts will be open to free movement of people, products and vehicles. The whole form of the confederation and the confederational institutions will be established carefully, stage by stage, and its final structure and status will be decided after some years of coexistence.

It should be stressed that Israel, Jordan and West Bank and Gaza Strip are already functioning as an economic confederation. Products

worth tens of millions of dollars are being traded every year across the Jordan border. Daily 80,000 Palestinian labourers cross the Green Line into Israel. Thousands of Arabs visit Israel every year.

The present challenge for all concerned is to develop these economic confederational arrangements into a political pact and full economic unification.

In achieving this goal the three partners must overcome many obstacles. Deep hatred can't be eradicated in one day. Cultural, poli-

tical and ideological gaps and differences can't be bridged in a short period of time. The transition to mutual recognition and political and economic cooperation requires much tolerance, mutual openness and a conducive atmosphere. Extremists on all sides will spare no effort in order to stop, or at least to interrupt, the advancement of such a peace process.

But the peoples of Eretz Israel and their leadership must realize that the alternative to confederational coexistence is continuing violence, terror, bloodshed and the perpetuation of the regional tragedy.

It is a fact that the area straddling the Jordan River is inhabited by three national entities, Israelis,

Palestinians and Jordanians. On the other hand, it is impossible to divide Eretz Israel economically, geographically and politically. It would be useless to try to divide it with artificial borders.

Although the confederation option is not an easy goal to achieve, it is the only one that the national leaders of the three peoples involved - Israelis, Palestinians and Jordanians - can agree on and seek majority support for among their respective peoples. Public figures in the Labour Party and in the West Bank support this option. More details on how it would work have to be properly put forward and elaborated.

This article is nothing more than an initial presentation of a view that is shared by many others.

The writer is a member of the Labour Party central committee.

READERS' LETTERS

APPEAL FOR RIGHTEOUS CHRISTIANS

To the Editor of The Jerusalem Post

Sir, - Whenever we speak about the Christian rescuers who risked life and limb to protect our hunted people in every country the Nazis occupied, Jewish survivors in the audience come forth to offer witness to their heroism. Some tell of being hidden in attics, cellars, stables, open fields; some of being fed and clothed and cared for during their illness; some of being given forged identification papers to escape the predators. The degree of risk, the duration of the rescue, the level of cooperation with neighbours, the number of Jews saved, the motivations of the acts vary, but they are all testimonies of acts of righteousness for people outside the circle of their faith.

Many survivors have lost contact with their rescuers. While some communicate with them, not a few have sought to put that chapter behind them. They fear that to awaken that memory of those days will raise the nightmares they seek to bury. Understandably they seek a moratorium from those traumatic years. Yet all of them seek ways to express their gratitude. The rescuers of these Jews came from people not of the Jewish faith, who chose to act against the common grain of narrow self-interest. The heroism of their

acts was not casual or impulsive. They were life and death decisions involving their families and requiring more than a short term commitment.

Tragically, many of these non-Jewish rescuers who survived the war years were not and are not regarded as heroes by their fellow countrymen. On the contrary, they were harassed and vilified as traitors and "Jew-lovers." Herman Graebe's son was taunted by his playmates once the revelation of his parents' saving of Jews became known. The Polish beggar, Karol Kiencinski, bidding goodbye to two Jews he had hidden, pleaded with them "Please do not tell I saved you. I fear for my life."

Today, four decades after the Holocaust, the rescuers live all over the world and in a variety of circumstances. Scattered reports inform us that many are living out their lives unbefriended, alone, in poor health and in dire economic circumstances. We have a moral mandate to lend dignity to the remaining life of these extraordinary human beings who would not join those who found reasons not to help. Jews have a unique stake in this witness. Surviving Jews possess a double memory: one of unspeakable evil and of incredible good. No scale can ba-

lance the two. The evil must be pursued and brought to the bar of Justice. But the good must equally be pursued and raised to high honour. Goodness must be rewarded in this world for the sake of the rescuers and the survivors, for their children and our own.

The Foundation to Sustain the Righteous Christians appeals to survivors who know of such men and women to come forth and testify, to tell us where the rescuers may be reached so that we may help them in their waning years. We appeal to supporters who can help the Foundation, either by financial contribution and/or by serving as friends who will make contact with the rescuers.

For further information, please write to me, c/o Valley Beth Shalom, 15739 Ventura Boulevard, Encino, CA 91436; or to Eva Fogelman, Director, c/o CUNY Graduate Center, Social Psychology Department, 33 West 42nd Street, New York, NY 10036.

HAROLD M. SCHULWEISS,
Founding Chairman,
Foundation to Sustain
the Righteous Christians
Encino, California.

ERADICATE TERRORISTS

To the Editor of The Jerusalem Post

Sir, - Joel Greenberg's article of September 17, "Call for probe into death of terrorist," together with the continued and unnecessary denigration of our Shin Bet is incredible. This attitude is a comfort to our enemies and an embarrassment to our friends.

We now have further allegations of prison tortures, and whilst we know that not everything here is perfect, it is still a lot fairer and more lenient than in most places. It is time to realise that we have human frailties like everyone else and violence begets violence.

Terrorists have only one purpose and that is to kill. What is the point of taking them prisoner when every day brings new reports of more attacks and atrocities against innocent people in order to free these murderous maniacs so they can continue killing?

The whole world is to blame for allowing this situation to develop, by ignoring events not directly affecting their country. But now, with the awareness that these fanatics are

ready to murder anyone, anywhere and at any time, suddenly our country is looking for a solution, all are avoiding stating the obvious. They have to be eradicated, cut, like a cancer, if people everywhere are to be able to walk the streets again without terrorism ruling the world.

EILEEN YOUNG
Hertziya.

MORE SURPRISES

To the Editor of The Jerusalem Post
 Sir, - We were amazed to see the ad for the Achille Lauro cruise in your issue of September 24. How could an Israeli newspaper accept such an ad and promote such a cruise on this particular ship after all that has happened?

We were astounded to note in the boat's programme the phrase: "more surprises every day!" Is this somebody's sense of macabre humour, or is it a warning of further horror?

JEBELYN MARKLENS
SUSAN HAGAR
Jerusalem.

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